SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE

1. For the fiscal year ended **31 December 2023**

2. SEC Identification Number: **AS094-006430**

3. BIR Tax Identification No.: **003-942-108**

4. **EMPIRE EAST LAND HOLDINGS, INC.**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **2nd Floor Tower 2, Kasara Urban Resort Residences**
   P. Antonio St., Barangay Ugong
   Pasig City, 1604
   Address of principal office

8. **(632) 85544800**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

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

    Yes [x] No [ ]

    Philippine Stock Exchange **Common Shares**

11. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

    Yes [x] No [ ]

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

    Yes [x] No [ ]

12. Aggregate Market Value of Voting Stock held by Non-Affiliates as of **31 March 2024** is **438,943,099.28** based on the closing price of **0.181** per share

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Empire East Land Holdings, Inc. (the "Company") was incorporated under Philippine law on 15 July 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly, Megaworld Properties & Holdings, Inc.) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now the Company, for the purpose of separating its high-end residential and office business from its lower and middle-income housing business. As of 31 December 2023, Megaworld holds 81.7% interest in the Company.

As of 31 December 2023, the Company holds 100% equity interest in Eastwood Property Holdings, Inc. (EPHI); Valle Verde Properties, Inc. ("VVPI"); Sherman Oak Holdings, Inc. ("SOHI") Empire East Communities, Inc. ("EECI") and 20th Century Nylon Shirt Co., Inc. ("20th Century"); 72.5% in Laguna BelAir Science School, Inc. ("LBASSI"); 60% in Sonoma Premier Land, Inc. ("SPLI") (formerly, "Galleria Corsini Holdings, Inc."); 47% in Gilmore Property Marketing Associates, Inc. ("GPMAI"); and 40% in Pacific Coast Megacity Inc. ("PCMI").

EPHI, which was incorporated on 05 September 1996, serves as the marketing arm of the Company and markets the projects of the Company and those of other related parties.

VVPI was incorporated on 13 October 2006. In 2008, the Company acquired shares of VVPI from another stockholder increasing the Company's ownership in VVPI to 100%.

SPLI was incorporated on 26 February 2007. In 2008, 200 million shares in SPLI were acquired by the Company, increasing its ownership to 60% from 20%.

EECI was incorporated on 14 October 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on 02 February 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on 05 September 1996 to acquire, lease, and construct or dispose of properties. In 2010, the Company acquired 52% ownership in GPMAI by subscribing to 27M shares by way of conversion of advances into equity. In 2012, GPMAI issued 5M shares of stock to a third party which resulted in the decrease of the Company's ownership to 47%.

LBASSI (formerly Laguna Bel Air School Inc. or LBASI) is a company incorporated on 13 February 1996 and was operating a school for primary and secondary education. The change in name was approved in August 2013. In 2022, LBASI ceased its operations. The Company owns 72.5% of LBASSI.

20th Century was incorporated in 1952. On January 24, 2003, the SEC approved the extension of the Company's life for another 50 years from the date of renewal. In February 2015, the company acquired 100% ownership interest in 20th Century.

PCMI was incorporated in 2012. In 2015 the Company acquired 20% ownership interest. Subsequently in 2018, the Company obtained de facto control over PCMI. In 2019, it acquired an additional 20% increase in its ownership interest to 40%.

Neither the Company nor its subsidiaries (collectively the "Group") have been the subject of a bankruptcy, receivership, or similar proceeding or has been involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business except as otherwise stated herein.

Business of Issuer and Subsidiaries

Principal Products, Services, and Markets

Empire East Land Holdings, Inc. is a residential property developer catering to the middle-income and upscale market segments. Its real estate projects include mid-rise to high-rise condominiums and single-detached houses, strategically situated in major cities in Metro Manila and progressive areas in the provinces of Rizal and Laguna.

As an industry leader for almost 30 years, the Company has reshaped the cityscape through its residential developments. Whether purchasing for personal use or as an investment, over 27,000 households with over 120,000 residents enjoy an easily accessible and comfortable lifestyle, making its communities a popular choice among Filipino homebuyers.

The Company's innovative approach to homebuilding has continuously set industry trends and transformed urban lifestyles. Its groundbreaking "township model," which was first used in its premier Laguna Bel-Air subdivision in Santa Rosa City, combined the concepts of "live, work, play, and learn" into a single, self-sufficient neighborhood. Similar lifestyle concept was also applied to its “micro cities” including the 6-tower San Francisco Gardens, 25-tower California Garden Square in Mandaluyong City, 9-tower Greenhills Garden Square in Quezon City, and 37-tower Cambridge Village in the boundary of Pasig City and Cainta, Rizal.

The Company indeed delivered "affordable luxury" when it introduced the "No Down Payment" scheme during the Asian Financial Crisis in 1997, as well as the flexible loft-type condo layout, which are still popular in the Philippine real estate market today.

The Company currently focuses on and specializes in two residential concepts: (1) Transit-Oriented Developments (TOD), which offer unparalleled accessibility and mobility due to their close proximity to mass transit systems, such as PUV terminals and the MRT-3 and LRT-2 stations; and (2) Urban Resort Communities, which provide a luxurious resort-style experience with its world-class amenities and facilities.

The Company also benefits from the government's vigorous infrastructure development initiative, which is seeing the expansion of road networks and mass transit systems east of Metro Manila. Gaining an early advantage in the development of condominium communities in the forward-thinking eastern areas of Pasig City and Cainta, Rizal, it has begun marketing and building the 22-hectare Empire East Highland City, which is intended to be the nation's first "elevated city," complete with a world-class sports club, a high-end shopping mall, an expansive park, a man-made forest, and a high-rise condominium complex.

Contribution to Sales and Revenues

In 2023, the income from sales of various condominium units and house-and-lot packages accounted for 77% of consolidated total revenues. Finance income, the bulk of which came from short-term placements and advances to related parties, accounted for 11% of consolidated total revenues. The commission income of a subsidiary of the Company realized from the marketing of real properties of related parties, rentals, and other business-related sources accounted for the remaining 12% of consolidated total revenues. Foreign sales contributed minimally to the Group’s consolidated sales and revenues for the year 2023.

The percentage of contribution to revenues of the above products and services differs from their percentage of contribution to net income since certain revenues do not have corresponding expenses and some expenses are not identifiable with projects.

Distribution Methods

The company's in-house sales teams, which consist of Directors for Sales, Business Partner Heads, Sales Officers, and Salespersons, are responsible for marketing both pre-selling and ready-for-occupancy projects.

Additional internal sales teams carry out the same duty of promoting the Company's inventory. These are the Empire East Networks (EEN), which are assigned in provincial or regional sales offices in North Luzon, Central Luzon, and South Luzon, and the Empire East Communities (EEC), which focuses on certain projects. Furthermore, to assist in the sale of residential properties, brokerages, individual licensed real estate brokers, part-time agents, and overseas sales partners are being accredited by the Company.

Now in the post-pandemic period, the Company maintains its aggressive digital promotions while returning to face-to-face selling operations like leafleting, on-site client presentations, showroom and display booth manning, and saturation campaigns. With the help of the Marketing Department, its sales force closes deals and produces high-quality leads through the use of social media and other online channels. Homebuyers have easy access to fully digitalized reservation and documentation processes, as well as virtual project presentations.

The Company has been pushing its efforts and expenses into digital strategies in an attempt to complement out-of-home advertising like billboards and print ads in broadsheets and magazines. In addition to its own corporate and project-specific websites, it regularly posts and boosts advertising content on its official social media pages and channels in an effort to attract new followers. Its sales teams use similar online tactics, giving them access to digital resources including e-fliers, video presentations, investment offers, and an application for virtual condo tours. They also receive ongoing training programs aimed at improving their skills.

Although the majority of the Company's resources are now focused on digital marketing and advertising, the Company nevertheless occasionally places advertisements in print media, including magazines and broadsheets. The Company is also pursuing event sponsorships that offer exposure in the media.

The pandemic has caused the real estate market to change, which has prompted the Company to constantly adapt its marketing and distribution techniques in order to secure business continuity and achieve positive outcomes.

Update on Projects

Empire East Highland City is located at the convergence of Pasig City in Metro Manila and Cainta in the Province of Rizal, near the major thoroughfares of Marcos Highway and Ortigas Avenue Extension. This 22-hectare sustainable community along Felix Avenue is well-positioned to provide future residents with mobility and accessibility. They can ride the LRT Line 2 via Marikina Station and the upcoming MRT Line 4 via Cainta Junction Station, which will connect to the much-anticipated Metro Manila Subway.

The vast 8,000-square meter Highland Park is located along the township's frontage. A 500-seater church, retail stores, al fresco dining, expansive walking paths, water features, and beautiful greenery will all welcome locals and guests. This elevated park will include majestic Spanish steps leading up to the opulent Highland Mall. This mall has restaurants, boutiques, a supermarket, movie theaters, and other necessities for daily life.

This "luxurious uphill community" will feature bike lanes, wide sidewalks bordered by trees, and 4- to 6-lane roads. The 37-tower Highland Residences will rise in an elevated and serene area of the township, while the center of the neighborhood is The Chartered Club, an elite recreation center that provides top-notch recreational amenities and sports facilities to potential club members.

Towers 1 through 4 of the first residential phase, Arcadia, nearly sold out, demonstrating the strong demand that buyers and investors are placing in the project. Condo units start at 21.38 square meters in size, up to 46.50 square meters, with well thought-out layout options such as executive studios, 1-bedroom, and 2-bedroom suites.

The Paddington Place is a four-tower high-rise condominium situated on Shaw Boulevard in Mandaluyong City. This 8,816-square-meter property is conveniently walkable from the Ortigas Central Business District (CBD) and the MRT-3 Shaw Boulevard Station along EDSA. The development's Transit-Oriented Development concept offers buyers superior mobility and unparalleled accessibility.

The first two levels of the podium will house “The Pad,” a community mall that will provide future residents with their daily necessities. The seventh and eighth floors will provide a function room, fitness gym, indoor play area, terraced gardens, and a 25-meter lap pool with kiddie pool.

Breathtaking views of the Wack-Wack Golf Course, the Greenhills neighborhood, and the Ortigas and Makati skylines will excite future homeowners. With each tower rising up to 45 stories high, the development’s excellent rental potential and easily accessible address attracted a large number of investors in addition to end-users. The available condos start at 21.32 square meters up to 95.46 square meters, ranging from executive studios, 1-to-2-bedroom suites, and larger penthouse suites. Furthermore, first-time homebuyers and those looking for secondary homes for temporary use were drawn to the property.

Towers 1 through 3 have been almost sold out. Construction is in full-swing, with the completion of the residential towers expected in four to five years.

Mango Tree Residences is a two-tower condominium project situated on a 3,000-square-meter premium land in the elevated and hilly terrain of M. Paterno and Ledesma Streets in San Juan City, near many prestigious schools and major retail centers in the Greenhills area. This on-stilts green development is bordered by decades-old mango trees that will be preserved amid the construction.
served amid the construction.

The future MRT Line 4 stations along Ortigas Avenue will be walkable from this community, while major cities like Quezon City, Manila, Pasig, Mandaluyong, and the Makati CBD, can be reached through efficient road networks via N. Domingo Street and Santolan Road.

There will be open areas on the ground level, held up by sturdy stilt structures, giving the development a secluded and peaceful feel. Future homeowners can indulge in landscaped gardens, an al fresco lounge, and recreational amenity areas. All levels are kept in low density, with just 9 to 12 suites per floor at typical levels and only 6 units at the penthouse level, to ensure privacy and exclusivity.

This property features spacious condo units with 1-bedroom and 2-bedroom layouts, as well as special units with private patios on the 7th floor. Both the 34-level East Residences and the 38-level West Residences have been topped off and are prepared for turnover to homebuyers.

Covent Garden's prime location at Santol Street Extension and Magsaysay Boulevard in Santa Mesa, Manila, makes it an easy stroll to the neighboring LRT-2 V. Mapa Station. People who drive their own cars may readily access the Metro Skyway Stage 3 Extension and other efficient road networks, while commuters can take the LRT Line 2, which connects to the LRT Line 1 and MRT Line 3.

Due to its juxtaposed structural design, the 5,033.25 square meter land property has been intelligently maximized, giving the occupants access to elevated open spaces and recreation areas. Every level of residential condos has an unhindered view of the Metro Manila cityscape.

While the North Residences is nearing completion, the fully constructed South Residences currently has a high occupancy rate of residents and tenants. There are still a few 2-bedroom suites and bi-level properties available, while all executive studios and 1-bedroom suites have been sold out.

Kasara Urban Resort Residences between Eagle and P. E. Antonio Streets in Ugong, Pasig City, is a 1.8-hectare five-star resort community situated in the heart of the metropolis. With close proximity to C5 Road, Tiendesitas, the exclusive Valle Verde neighborhoods, and the Ortigas CBD, this six-tower development will also be near to future infrastructures like the Metro Manila Subway and MRT Line 4, both of which will be advantageous to its residents.

About 60% of the property is made up of open spaces and world-class resort amenities. The property includes an open-air play area, a fitness facility, jogging paths, a kiddie pool, waterfalls, a koi pond, bubblers, landscaped gardens, and a function hall with bar area at the clubhouse. The centerpiece of the development is a lake-inspired swimming pool.

Offerings for condo suites start at 22.20 square meters up to 144 square meters, ranging from executive studio, one to two bedrooms, and a bi-level penthouse. Certain condo units come pre-configured with private patios or balconies. While Towers 4 and 6 are still under construction, Towers 1, 2 and 3 are ready for occupancy, and Tower 5 is nearing turnover. The entire development is nearly sold out.

The Rochester located at Elisco Road, San Joaquin, Pasig City, is a seven-tower mid-rise urban resort community. It is only a kilometer away from the intersection of C5 Road and Kalayaan Avenue, giving residents easy access to Bonifacio Global City and the Central Business Districts of Makati, Ortigas, and Eastwood City.

The project’s seven towers are almost sold out and are ready-for-occupancy. Residents of Garden Villa 1, Garden Villa 2, Breeze Tower, Parklane Tower, Palmridge Tower, Hillcrest Tower, and the newly turned over Bridgeview Tower, currently enjoy resort-style amenities like a community clubhouse with bar area, al fresco lounge, function room, fitness gym, a 25-meter lap pool, and a kiddie pool. Furthermore, there are pocket gardens, a children's play area, and a multipurpose open court.

In this mid-rise community with Asian Modern architectural design, condo suites start at 24.30 square meters up to 58 square meters, featuring one-bedroom, two-bedroom, and three-bedroom layouts, with selected units with a balcony. Spacious bi-level suites with floor areas up to 93 square meters are available in some towers.

Pioneer Woodlands is a Transit-Oriented Development that is connected to the Boni Avenue Station of MRT Line 3. Residents of this six-tower complex in Mandaluyong City are in closer proximity to the central business districts of Makati, Ortigas, and Bonifacio Global City due to its advantageous location along EDSA corner Pioneer Street.

Investors and end-users alike are drawn to executive studios, 1-bedroom to 2-bedroom suites, and some units with patios or balconies. Towers 1 through 5 have been completed and almost sold out, while Tower 6, which still has a few number of units available, is in full swing construction. Residents can now enjoy leisurely recreational amenities on the development's fifth level.

Little Baguio Terraces situated between N. Domingo Street and Aurora Boulevard in San Juan City, is a short stroll from the J. Ruiz and Gilmore stations of LRT Line 2. This four-tower mid-to-high-rise condominium community offers easy access to the top academic institutions in Manila's "University Belt" and the Katipunan area in Quezon City.

The nearly sold out Towers 1 to 4 offered a typical two-bedroom unit with a floor area of 30 square meters, while Tower 1 provided options for unit combination, turning into a much spacious 60 square meters three-bedroom unit. Residents currently utilize the recreational facilities located at the podium level.

San Lorenzo Place in the heart of Makati City, is a renowned TOD that is connected directly to the Magallanes Station of MRT Line 3. This opulent high-rise development at the highly desirable intersection of EDSA and Chino Roces Avenue, has its own community mall, the two-level San Lorenzo Place Mall, which offers its residents not only their basic daily needs, but also additional options for increased mobility. Its transport hub has variety of routes and destinations for point-to-point buses and other public utility vehicles.

World-class recreational facilities, such as a clubhouse, fitness gym, function room, children's playground, pocket gardens, swimming pool, and multipurpose open court, are located on the sixth floor.

The Cambridge Village is a mid-rise, 37-tower "micro city" located at East Bank Road in Cainta, Rizal, near the boundary of Pasig City, featuring resort-style recreational amenities, ground level retail stores, an expansive central park, and a parish church.

All the residential clusters in this 8-hectare development, which range in height from six to ten levels, are almost completely sold out and are ready-for-occupancy. Condo layouts include spacious two-bedroom units, loft-style homes, and flexible studios.

The Sonoma offers Asian Modern-style single-detached residences in the bustling and nature-rich Santa Rosa City, Laguna. This 50-hectare horizontal development features a central recreation zone with top-notch amenities and facilities. Nestled among lush greenery, homeowners may enjoy quality time at the clubhouse, function rooms, swimming pools, and basketball court.

There are a few remaining available lots in the four residential phases: The Enclave, The Pavilion, The Country Club, and The Esplanade. In the subdivision's entrance, The Sonoma Commercial Strip will soon house restaurants, retail stores, and other business establishments.

South Science Park is a 51-hectare mixed-use development, located in Gimalas, Balayan, Batangas, in the Southern Luzon region.

Competition

As the real estate industry, especially the residential sector, bounces back from the pandemic's economic effects, Empire East continues to adapt to the evolving norms of selling as it continuously responds to the shifting expectations of the market, thus maintaining its leadership in the middle-income segment. By employing tactics that leverage digital tools and platforms, and enhancing its residential product offerings, the Company has managed to keep one step ahead of its primary competitors.

The key central business districts of Makati, Ortigas, and Bonifacio Global City, as well as prime locations in Quezon City and Manila Bay, are already nearly all occupied by mixed-use developments; hence, there are essentially no large tracts of land left for huge projects in Metro Manila. The C5 corridor, which connects Pasig City to Eastwood in Libis, Quezon City, has seen a surge in township developments by major real estate developers. However, the majority of the residential projects located along this corridor are extremely expensive.

The eastern side of Metro Manila is the greatest area to look for more reasonably priced options for first-time homebuyers and real estate investors. One new market where experienced home developers and neophyte builders are starting to compete for a piece of the housing pie is the Cainta Junction area. Within a 3-kilometer radius of this well-known crossroads of Ortigas Avenue Extension and Felix Avenue, right at the border of Pasig City in Metro Manila and Cainta in Rizal, mid-rise and high-rise condominiums have lately sprouted up, and new developments are expected to be launched and constructed in the coming years.

The 15.56-kilometer MRT Line 4 has been approved by the national government, which played a significant role in turning the Cainta Junction area into a real estate battleground. When this multibillion-peso infrastructure project is completed, roughly 230,000 riders per day are expected to benefit from it. As it traverses Quezon City, San Juan, Mandaluyong, Pasig, Cainta, and Taytay, as well as being linked to the LRT-2, MRT-3, and Metro Manila Subway, it will provide an ultimate connectivity to the rest of Metro Manila.

The largest development in the area is the 22-hectare sustainable township Empire East Highland City, which is managed by the Company and situated around 1.6 kilometers away from the Cainta Junction. Along Felix Avenue, there are four more condominium projects, the furthest of which is 3 kilometers from Cainta Junction and nearer to Marcos Highway. These are Sta. Lucia Land’s East Bel-Air Residences, WeeComm Development’s Jacinta Enclaves, Filinvest Land’s Futura East - East Town, and SMDC's Charm Residences.

Meanwhile, near the Cainta Junction along Ortigas Avenue Extension, there are also several competing projects, the easternmost of them is already in Taytay, Rizal. These include Horizons East Ortigas by Datem Homes, Urban Deca Homes Ortigas by 8990 Holdings, Sierra Valley Gardens by Robinsons Land, and The Hive and Modan Loft by PH1 World Developers. Horizon Land’s Siena Towers in Marikina City and DMCI’s Satori Residences in Pasig City can also be considered as competitors of Empire East Highland City.

With its first seven towers rising to a height of 37 stories, Empire East Highland City will be the vicinity's tallest development; its competitors only reach heights of 5 to 17 levels. Aside from building height, which would certainly change the East's skyline, Empire East Highland City offers a major competitive advantage in a number of aspects. Compared to other developments in the Pasig-Cainta area, the Company’s township is a better investment for the following reasons:

Development Concept. The primary goal of this high-rise community is to advance the welfare and well-being of its residents. Its grand masterplan, which features an expansive green park, an upscale lifestyle mall, tree-lined streets and walkways, bike lanes, a five-star sports club, a church, a man-made forest, among other features, set it apart from those of its primary competitors.

Open Spaces. People who live in modern cities yearn for open spaces where they may relax, take a breather, and detox themselves from the busy and stressful city life. Large open spaces will be prioritized on the community's 22 hectares of land, despite the intended development of 37 high-rise buildings. Competing projects with only 1.5 to 2.3 hectares of land will be compressing 4 to 7 residential buildings. 8990 Holdings' low-cost development along the Ortigas Avenue Extension will have 22 immensely dense towers on 3.2 hectares, with lack of open spaces for its occupants.

Density per Floor. Competitors offer highly dense floors with 36, 48, and even 64 units per level, which are definitely too crowded and deprive residents from experiencing exclusivity and privacy. With only 22 to 26 condominium suites per floor, which is a reasonable and average number for high-rise condominiums, Empire East Highland City definitely has an advantage over other developments.

Unit Mix. When buying real estate, especially condo units, it is critical that buyers and investors have a variety of options for unit types and layouts to suit their needs, whether they are buying for long-term use or as an investment. Empire East Highland City offers executive studios, one-bedroom, and two-bedroom apartments ranging in size from 21.38 to 46.50 square meters, while other developments offer a limited number of unit mix. For instance, the Filinvest project next to Empire East Highland City only offers 32 square meters of two-bedroom condos; smaller or larger cuts are not available. In the SMDC project, there are only two-bedroom units available, with and without balconies. There are only two unit types in projects along the Ortigas Avenue Extension: 2BR or 3BR, studio or 1BR, and 1BR or 2BR, which limit the options for homebuyers.

Price and Payment Terms. The current price for Empire East Highland City is reasonable given the development's elegance and grandeur. While some competitors are offering lower price per square meter, their focus is on the mass and low-cost housing market sector, which renders them incomparable to the development concept of Empire East Highland City and the luxurious lifestyle it provides. Its current promo terms, which provide huge discounts, a flexible payment period of up to 60 months at zero interest, and low monthly amortizations, appeal to more potential homebuyers.

These factors and aspects, which provide competitive advantage over other developments, are also pertinent and noticeable in other locations where the Company has on-going projects, such Mandaluyong City and San Juan City.

The Paddington Place directly competes with other Mandaluyong City developments, the majority of which have malls or retail areas as well. Its major competitors along Shaw Boulevard are Amaia Skies Shaw by Amaia Land, a subsidiary of Ayala, and The Olive Place by DataLand, Inc. Despite The Olive Place's distance from EDSA and the Ortigas CBD, it still commanded a higher price, while Amaia Skies Shaw's current selling price might be too high considering the development's high density with up to 40 units per level, as well as lack of luxury branding and superior quality. DMCI’s pre-selling development along Domingo M. Guevara Street, the stand-alone Sage Residences, already set a price that is a lot higher than the Company’s offering. Among these developments, only The Paddington Place will have a two-level mall along Shaw Boulevard while others have retail only at the ground level.

A few of the developments along EDSA that compete with **Pioneer Woodlands** and **The Paddington Place** are Fame Residences, Light Residences and Light 2 Residences by SMDC; Avida Towers Centera and Avida Towers Verge by Avida Land; Twin Oaks Place and Zitan Tower by Greenfield Development Corporation; Grand Central Residences and Pines Peak by Cityland; Flair Towers by DMCI; and One Sierra by the upstart PIK Group. Pre-selling units at The Paddington Place and ready-for-occupancy units at Pioneer Woodlands both continue to have competitive pricing, and the payment terms are still highly marketable.

The Company's resort-style communities, **Kasara Urban Resort Residences** and **The Rochester**, both in Pasig City, offer a significant competitive advantage over other residential developments in the area in terms of development concept, unit mix, density, pricing, and payment terms, both for pre-selling and RFO inventories. The largest competing projects that are now in the pre-selling stage are SMDC's Gem Residences, Robinsons Land's Sync Residences and Cirrus Residences, DMCI's Valeron Tower, and Megaworld's Arcovia Park Place and 18 Avenue de Triomphe. Prices for units in these developments range from 25% to 75% higher than in the projects of the Company. Meanwhile, DMCI's Levina Place and Mirea Residences, located in Pasig City's inner neighborhoods and further away from C5 Road, their prices are considerably lower.

Mango Tree Residences in San Juan City offers flexible payment options for its pre-selling inventory, and **Little Baguio Terraces** offers reasonably priced RFO units. Valencia Hills Tower E by Federal Land, One Wilson Square and Terrazas de Valencia by Federal Land, Robinsons Land's The Magnolia Residences and Chimes Greenhills, and DMCI's One Castilla Place are their primary rivals. Other competitors in this market include townhouses built by smaller developers, in addition to a few stand-alone high-rise and mid-rise condominiums. This is due to the area's close proximity to the affluent communities of New Manila and Greenhills.

Both end-users and investors are the target market for many of the condominium projects located along the LRT Line 2, particularly in the Santa Mesa area of Manila. Among the college students who attend in the universities of Quezon City and Manila, high-rise condominiums in the vicinity have a decent chance of finding tenants. **Covent Garden** directly competes with following properties: SMDC's Mezza Residences II, Filinvest Land's Maui Oasis, DMCI's Sorrel Residences and Illumina Residences, Data Land's Silk Residences, and all of them offer 0% interest monthly payments with different payment periods.

In order to sustain its competitive advantage over other major real estate players, Empire East will keep building residential communities in strategically accessible locations and continue innovating its development concepts, terms of payment, and product offers..

Sources and Availability of Raw Materials/Suppliers

The Company has a broad base of suppliers of materials and services and is not dependent on any one supplier.

Dependence on Certain Customers

The Company has a broad customer base and is not dependent on a single customer or few customers.

Transactions with and/or Dependence on Related Parties

In 2023, total commissions earned by a subsidiary from the sale of its Parent Company's real estate properties amounted to Php237.1 million.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements, and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. The related parties that have entered into transactions with the Company are identified in Schedules C & F of the SEC Supplementary Schedules as of 31 December 2023. Related parties are able to settle their obligations in connection with transactions with the Company. The Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in Note 25 of the Notes to the Audited Consolidated Financial Statements of the Group attached as Exhibit 1 hereof and incorporated herein by reference.

Other than those disclosed in the Group's Audited Consolidated Financial Statements, the Company has not entered into other related party transactions.

Patents, Trademarks, and Copyrights

The operations of the Group are not dependent on any copyright, patent, trademark, license, franchise, concession, or royalty agreement.

Need for Government Approval of Principal Products and Services / Effect of Existing or Probable Government Regulations

Philippine land-use laws regarding subdivisions and condominiums include zoning laws, which regulate land use, laws that specify standards and technical requirements for the development of subdivisions, and laws requiring licenses to be obtained before the sale of real estate property.

The municipal or city authority determines whether the plans of a proposed development comply with the applicable standards and conducts a preliminary inspection of the site. Local authorities are required to monitor the progress of subdivision projects and to inspect projects following their completion to determine whether or not they comply with the approved plans.

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the Housing and Land Use Regulatory Board ("HLURB") (now, the Department of Human Settlements and Urban Development ["DHSUD"]). The first type of subdivision, aimed at low-cost housing, must comply with Batas Pambansa Blg. 220, which allows for a higher density of building and relaxes some of the construction standards. Other subdivisions must comply with Presidential Decree No. 957, which sets out standards for lower-density developments. Both types of subdivisions must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, length of the housing blocks, and house construction.

Under Presidential Decree No. 957, which covers subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes, DHSUD, together with local government units, has jurisdiction to regulate the real estate trade and business. All subdivision plans are required to be filed with and approved by the local government unit concerned, while condominium project plans are required to be filed with and approved by DHSUD. Approval of such plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical, and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. Development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, and house construction.

Owners or dealers of real estate projects are required to obtain licenses to sell before making sales or other disposition of lots or real estate projects.

In general, developers of residential subdivisions are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("DENR"). This description sets out the background of the proposed project and identifies any significant environmental risks and possible alternative sites. In environmentally critical projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required, and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not cause an unacceptable environmental impact.

The Company routinely applies for the required governmental approvals for its projects as provided above and some DHSUD approvals such as but not limited to development permits and licenses to sell are pending for certain projects or project phases.

Under Republic Act No. 11201, DHSUD was created through the consolidation of the Housing and Urban Development Coordinating Council and HLURB and assumed the planning and regulatory functions of the HLURB. On the other hand, HLURB was reconstituted as the Human Settlements Adjudication Commission, which assumed the adjudicatory function of HLURB and was attached to DHSUD for policy, planning, and program coordination.

The Group is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

Research and Development Costs

Expenses incurred for research are minimal and do not amount to a significant percentage of revenues.

On the other hand, construction and development costs incurred and their percentage of revenues are as follows:

Year	Amount Spent	% to Revenue
2023	Php1.80 billion	34.69%
2022	Php3.00 billion	63.8%
2021	Php3.04 billion	67.1%

Costs and Effects of Compliance with Environmental Laws

Expenses incurred by the Group for purposes of complying with environmental laws consist primarily of payments for government regulatory fees that are standard in the industry and are minimal.

Manpower

As of 31 December 2023, the Group employed a total of 648 employees. The Group will hire additional employees if or when the present workforce becomes inadequate to handle the growing operations of the Group. The Group has no collective bargaining agreements with its employees due to the absence of organized labor organizations in the Group. Aside from complying with the minimum compensation standards mandated by law, the Group makes available to qualified personnel supplemental benefits such as health insurance, retirement, housing plans, and car plans.

The table below shows the breakdown of employees by rank:

Description	As of 31 December 2023	Projected Hiring for 2024
Executives	19	-
Managers	64	8
Supervisors	163	35
Rank & File	402	65
Total	**648**	**108**

Business Risks

The real estate industry is highly dependent on the performance of the national economy as the growth of the industry has a direct correlation with the state of the national income and effective disposal income of the people. As disposable income increases, expenditures on housing will increase proportionately. Furthermore, a stable economy brings about liquidity in the financial system, thus increasing the sources of funding for housing.

The growth and profitability of the Group are influenced by the general political and economic situation. Any political instability in the future may have a material effect on the financial results of the Group.

An increase in interest rates and the unavailability of affordable financing options affect the demand for housing. The Company caters to the middle-income market, a market that primarily considers the affordability of monthly amortizations through long-term in-house or bank financing schemes.

The Company is engaged primarily in the development of land and construction of housing /condominium units. Its business is dependent on the availability of large tracts of land with potential for development. As major players and new ones continue to take advantage of the bullish condition of the real estate industry, prime properties may become less available to the Company.

Other risks related to property development are fluctuation in prices and availability of construction materials, changes in government regulations, increase in taxes and fees, and intense competition.

The Company remains vigilant to factors affecting its business, such as fluctuations in interest rates on borrowings and end-buyers' financing, increasing costs of construction materials, labor, and administrative expenses which may affect the overall demand for housing**.** Fluctuations in foreign exchange have no adverse effect since the Company has very minimal importations of construction-related materials and has no foreign currency-denominated loans.

The Company continuously monitors trends in the industry and regularly checks economic indicators. It constantly explores ways and means how to be more cost-effective and implements reasonable price increases to maintain certain profit margins while keeping its products competitive. To maintain the marketability of its products, it provides quality projects in convenient locations, keeps the price affordable, offers a variety of flexible payment terms for in-house financing, and continues to maintain strong tie-up arrangements with various banks for the financing requirements of its buyers.

The Group remains prudent in managing its financial resources and has taken measures in controlling its available funds. Generally, the Group utilizes its internally generated funds for its operations and partly uses bank financing for purposes of acquiring properties with strong economic potential and meeting urgent development requirements. By identifying the risk areas and employing appropriate risk management tools, the Group believes that the related business risks could be managed properly.

Item 2. Properties

Description of Principal Properties

The principal properties of the Group are as follows:

Property	Location	Limitations on Ownership
Completed Projects:		
Little Baguio Gardens	San Juan, Metro Manila	Owned
Laguna BelAir 1 and 2	Don Jose, Sta. Rosa, Laguna	Joint Venture
Governors Place	Mandaluyong City	Joint Venture
Kingswood Tower	Makati City	Joint Venture
Gilmore Heights	Gilmore Ave. cor. N. Domingo Sts., Quezon City	Joint Venture
San Francisco Gardens	Mandaluyong City	Joint Venture
Greenhills Garden Square	Santolan Road, Quezon City	Owned
Central Business Park	Manggahan, Pasig City	Owned
Xavier Hills	Quezon City	Joint Venture
California Garden Square	D.M. Guevarra, Mandaluyong City	Owned
Laguna BelAir 3	Biñan, Laguna	Owned
Laguna BelAir 4	Sta. Rosa City	Owned
The Sonoma	Sta. Rosa City	Joint Venture
San Lorenzo Place	Makati City	Joint Venture
Little Baguio Terraces	San Juan, Metro Manila	Joint Venture
The Cambridge Village	Cainta, Rizal	Owned
On-Going Projects:		
Pioneer Woodlands	Mandaluyong City	Joint Venture
The Rochester	Pasig City	Owned
Kasara Urban Resort Residences	Eagle St., Pasig City	Owned
Mango Tree Residences	San Juan City	Owned
Covent Garden	Sta. Mesa Manila	Owned
The Paddington Place	Mandaluyong City	Owned
Southpoint Science Park	Gimalas Balayan Batangas	Owned
Empire East Highland City	Pasig City and Cainta, Rizal	Joint Venture

Most projects are for sale except for Central Business Park (CBP), an office-warehouse complex, and San Lorenzo Place Mall (SLPM), which is composed of commercial units for lease. CBP has a leasable area of 9,870 square meters with a lease rate of Php 288.7 per square meter. SLPM has 6,596.2 square meters with a lease rate ranging from Php300 to Php2,100 per square meter. Lease terms for CBP and SLPM are up to 4 years and 10 years, respectively.

There is no mortgage, lien, or encumbrance over the properties of the Company. The limitations on ownership and usage are disclosed in the table above and in the Notes of the Group's Audited Consolidated Financial Statements.

The Company cannot identify the particular properties it intends to acquire in the next twelve (12) months as the opportunities, offers or prospects may come unexpectedly. It aims to continuously acquire properties in strategic/prime locations with good market potential. It may acquire interest on the land through either outright acquisition or joint venture arrangements with landowners. Depending on the value of the property, it may utilize its internal funds to finance the acquisition; it may partially borrow or raise funds through equity financing.

Item 3. Legal Proceedings

Description of Material Pending Legal Proceedings

There is no material pending legal proceedings to which the Company or any of its subsidiaries and affiliates is a party or of which any of their property is the subject of.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of 2023 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The Company's common shares are traded on the Philippine Stock Exchange ("PSE"). The following table sets out, for the periods indicated, the high and low sales prices for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2022	High	0.265	0.235	0.220	0.199
	Low	0.222	0.198	0.186	0.181
2023	High	0.214	0.191	0.152	0.155
	Low	0.183	0.140	0.094	0.119
2024	High	0.183			
	Low	0.119			
3/30/2024 Close		0.181			

Holders

As of 31 December 2023, there were 12,297 holders of the Company's common shares. The following table sets forth the twenty largest shareholders of the Company as of 31 December 2023.

Rank	Name of Holder	Number of Shares	Percentage of Ownership
1.	Megaworld Corporation	11,994,426,438	81.7271%
2.	PCD Nominee Corporation (Filipino)	2,007,773,456[1]	13.6805%
3.	PCD Nominee Corporation (Non-Filipino)	214,878,414	1.4641%
4.	The Andresons Group, Inc.	149,692,820	1.0200%
5,	Alliance Global Group, Inc.	56,000,000	0.3816%
6.	Andrew L. Tan	24,277,777	0.1654%
7.	Simon Lee Sui Hee	16,685,206	0.1137%
8.	Ramon Uy Ong	14,950,000	0.1019%
9.	Lucio W. Yan	10,350,000	0.0705%
10.	Alberto Mendoza and/or Jeanie C. Mendoza	4,444,106	0.0303%

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

11.	Evangeline R. Abdullah	4,324,000	0.0295%
12.	George T. Yang	3,675,400	0.0250%
13.	Zheng Chang Hua	3,220,000	0.0219%
14.	Tiong C. Rosario	3,138,791	0.0214%
15.	Maximino S. Uy &/or Lim Hue Hua	3,105,000	0.0212%
16.	Luisa Co Li	2,902,908	0.0198%
17.	Edward N. Cheok	2,875,000	0.0196%
18.	Aboitiz Equity Ventures, Inc.	2,813,843	0.0192%
19.	Maximino S. Uy	2,357,500	0.0161%
20.	William How	2,300,000	0.0157%

The information provided above is not being presented in connection with securities to be issued pursuant to an acquisition, business combination, or other reorganization initiated by or involving the Company.

Dividends

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow, and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, that is not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

No stock dividends were declared on the Company’s common shares for 2007 to 2023. The Company declared a 15% stock dividend on 15 March 2006, which was paid on 08 August 2006 to all shares of common stock outstanding as of 13 July 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Recent Sales of Unregistered or Exempt Securities

On 26 June 2013, One Billion Two Hundred Million (1,200,000,000) common shares of the capital stock of the Company were issued to Megaworld Corporation, at the price of One Peso & 05/100 (Php1.05) centavos per share for an aggregate subscription price of One Billion Two Hundred Sixty Million Pesos (Php1,260,000,000.00).

Relative to the subscription of Megaworld Corporation, the Company filed on 05 July 2013 with the Philippine Securities and Exchange Commission (“SEC”) a Notice of Exempt Transaction under Section 10.1(e) of the Securities Regulation Code.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

For 2023, the following are top key performance indicators of the Group:

		2023	**2022**
Sales		Php4.0 Billion	Php3.8 Billion
Net Profit		Php757.9 Million	Php715.4 Million
Current Ratio	*1	2.87:1	3.11:1
Quick Ratio	*2	1.06:1	1.10:1
Return on Assets	*3	0.02:1	0.02:1
Return on Equity	*4	0.02:1	0.02:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*

**3-Net Profit divided by Average Total Assets*

**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, monitored cash outflows and invested excess cash in short-term time deposits.

3) Ability to Repay Loan Obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments. It also utilizes more banks to provide more convenience to clients who opt for direct payments.

RESULTS OF OPERATIONS

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

Review of 31 December 2023 versus 31 December 2022

In Million Pesos (except for Earnings per Share (EPS))	For the years ended December 31 2023	2022	Change year-on-year in Pesos	in %
REVENUES				
Real estate sales	P 3,997.5	P 3,800.0	P 197.5	5.2%
Finance income	587.5	491.4	96.1	19.5%
Equity share in net earnings of an associate	0.1	0.2	(0.1)	-35.5%
Commissions and other income	618.0	415.5	202.5	48.7%
	5,203.1	4,707.1	496.0	10.5%
COSTS AND EXPENSES				
Cost of real estate sales	2,497.4	2,228.0	269.4	12.1%
Finance costs	391.1	398.8	(7.7)	-1.9%
Operating Expenses	1,336.7	1,123.7	213.0	19.0%
Income taxes	220.0	241.2	(21.2)	-8.8%
	4,445.2	3,991.7	453.5	11.4%
NET PROFIT	757.9	715.4	42.5	5.9%
Net profit (loss) attributable to:				
Parent company's shareholders	P 765.7	P 720.2	P 45.5	6.3%
Non-controlling interests	(7.8)	(4.8)	(3.0)	-62.1%
EPS - Basic and Diluted	P 0.052	P 0.049	P 0.003	7.0%

During the twelve-month period, the consolidated net profit amounted to Php757.9 million, with 5.9% increase from previous year's net income of Php715.4 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Commissions and other income, soared by 10.5% from Php4.7 billion in 2022 to Php5.2 billion in 2023.

Real Estate Sales

The Group registered Real Estate Sales of Php4.0 billion for the year ended 31 December 2023 compared with Php3.8 billion for the year ended 31 December 2022. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, Covent Garden, San Lorenzo Place, Mango Tree Residences, The Paddington Place, The Rochester Garden, The Sonoma, The Cambridge Village, and Little Baguio Terraces,

The Cost of Real Estate Sales amounted to Php2.5 billion for the year ended 31 December 2023 and Php2.2 billion for the year ended 31 December 2022 or 62.5% and 58.6% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for the year ended 31 December 2023 and 2022 amounted to Php1.5 billion and Php1.6 billion or 37.5% and 41.4% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended 31 December 2023 and 2022 amounted to Php587.5 million and Php491.4 million or 11.3% % and 10.4% of Total Revenues, respectively. They were derived mostly from in-house financing, short-term investments and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended 31 December 2023 and 2022 resulted to Php618.0 million and Php415.5 million or 11.9% and 8.8% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.1 million and Php0.2 million for the year ended 31 December 2023 and 2022, respectively.

Operating Expenses

Operating Expenses posted an increase of 19% from Php1.1 billion to Php1.3 billion for the year ended 31 December 2022 and 2023, respectively. Other charges/expenses include Finance Cost of Php391.1 million and Php398.8 million for the year ended 31 December 2023 and 2022, respectively.

FINANCIAL CONDITION

Review of 31 December 2023 versus 31 December 2022

In Million Pesos	**As of December 31**		**Change year-on-year**	
Selected Balance Sheet Data	**2023**	**2022**	**in Pesos**	**in %**
Cash and cash equivalents	P 3,717.5	P 3,437.8	P 279.7	8.1%
Trade and other receivables[1]	13,109.2	11,393.2	1,716.0	15.1%
Contract assets[1]	2,741.2	2,583.1	158.1	6.1%
Advances to related parties	5,467.5	5,084.7	382.8	7.5%
Prepayments and other current assets	1,258.3	944.4	313.9	33.2%
Financial assets at fair value through profit or loss	1,270.1	1,339.9	(69.8)	-5.2%
Property and equipment - net	160.9	132.1	28.8	21.7%
Intangible assets-net	34.3	117.8	(83.5)	-70.9%
Total Assets	**49,499.1**	**47,280.3**	**2,218.8**	**4.7%**
Interest-bearing loans and borrowings[1]	850.0	1,000.0	(150.0)	-15.0%
Trade and other payables	2,558.7	2,013.7	545.0	27.1%
Customers' deposits	5,140.8	4,485.7	655.1	14.6%
Advances from related parties	6,061.7	5,764.7	297.0	5.2%
Contract liabilities[1]	256.8	308.9	(52.1)	-16.9%
Other current liabilities	1,042.2	891.7	150.5	16.9%
Retirement benefit obligation	154.0	67.7	86.3	127.4%
Total Liabilities	**18,135.5**	**16,520.6**	**1,614.9**	**9.8%**
Revaluation reserves	547.6	701.7	(154.1)	-22.0%
Retained earnings	9,314.6	8,548.8	765.8	9.0%
Equity Attributable to the Parent Company's stockholders	28,579.3	27,967.6	611.7	2.2%
Non-controlling interests	2,784.3	2,792.1	(7.8)	-0.3%
Total Equity	**31,363.6**	**30,759.7**	**603.9**	**2.0%**

[1] *Current+Non-current*

Total Assets of the Group as of 31 December 2023 and 2022 amounted to Php49.5 billion and Php47.3 billion, respectively. Cash and Cash Equivalents as of December 31 increased from Php3.4 billion in 2022 to Php3.7 billion in 2023.

The Group remains liquid with Total Current Assets of Php43.3 billion in 2023 and Php42.1 billion in 2022, which accounts for 87.5% and 89.0% of the Total Assets as of 31 December 2023 and 2022, respectively. While Total Current Liabilities amounted to Php15.1 billion in 2023 and Php13.5 billion in 2022.

Total Equity as of December 31 increased from Php30.8 billion in 2022 to Php31.4 billion in 2023 due to the Group's Net Income for the 12-month period, re-measurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2023 and 2022, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2023 Financial Statements
(Increase or decrease of 5% or more versus 31 December 2022)

Statements of Financial Position

- 8.1% increase in Cash and cash equivalents
  Mainly due to collections from customers and interest on short-term investments

- 15.1% increase in Trade and other receivables – net
  Mainly due to the recognized sales from completed projects for the period

- 6.1% increase in Contract Assets
  Pertains to the progress in the construction of various projects

- 7.5% increase in Advances to related parties
  Primarily due to interest on outstanding advances

- 33.2% increase in Prepayments & other current assets
  Due to transfer related taxes processed during the year and adjustment on deferred commission related to uncompleted projects

- 5.2% decrease in Financial assets at fair value through profit or loss
  Pertains to the decrease in fair market value of investment in securities held by a subsidiary

- 21.7% increase in Property and equipment - net
  Primarily due to asset acquisition and recognition of Right-of-Use of Asset for the year

- 70.9% decrease in Intangible assets - net
  Pertains to the depreciation and impairment loss of goodwill on a subsidiary recognized for the year

- 15% decrease in Interest-bearing loans and borrowings
  Due to repayment of bank loans

- 27.1% increase in Trade and other payables
  Mainly due to increase in construction activities of various projects

- 14.6% increase in Customers' deposits
  Primarily due to collections from buyers of various projects

- 5.2% increase in Advances from related parties
  Mainly due to interest on outstanding advances to the parent company

- 16.9% decrease in Contract liabilities
  Due to the completion of various towers and construction progress for the other ongoing projects

- 16.9% increase in Other current liabilities
  Mainly due to the portion of the contractors' and suppliers' billings retained by the company to ensure compliance with the contract agreement

- 127.4% increase in Retirement benefit obligation
  Mainly due to the re-measurement of the retirement benefit obligation

- 22% decrease in Revaluation reserve
  Mainly due to decrease in fair market value of investment in securities held by a subsidiary

- 9.0% increase in Retained Earnings
  Pertains to Net Income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2022)

- 5.2% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 19.5% increase in Finance income
  Mainly due to interest on the outstanding advances to related parties and short-term investments

- 35.5% decrease in Equity share in net earnings of an associate
  Due to lower net operating income reported by an associate

- 48.7% increase in Commission and other income
  Mainly due to an increase in revenues reported by a subsidiary and other income derived from other related sources

- 12.1% increase in Cost of sales
  Mainly due to increase in real estate sales recorded for the period

- 19% increase in Operating Expenses
  Mainly due to an increase in administrative expenses

- 8.8% decrease in Tax expense
  Mainly due to decrease in taxable income for the year

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

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

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

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

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more flexible payment schemes under in-house financing, and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2022, the following are top key performance indicators of the Group:

		2022	2021
Sales		Php3.8 Billion	Php3.6 Billion
Net Profit		Php715.4 Million	Php797.1 Million
Current Ratio	*1	3.11:1	3.13:1
Quick Ratio	*2	1.10:1	1.04:1
Return on Assets	*3	0.02:1	0.02:1
Return on Equity	*4	0.02:1	0.03:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*
**3- Net Profit divided by Average Total Assets*
**4-Net Profit divided by Average Total Equity*

1) **Real Estate Sales**
The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila.

2) **Prudent Cash Management**

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, strictly monitored cash outflows and placed excess cash in short-term investments.

3) **Ability to Repay Loan Obligations**

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) **Continuous Customer Collections**

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments. It also utilizes more banks to provide more convenience to clients who opt for direct payments.

RESULTS OF OPERATIONS

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

Review of 31 December 2022 versus 31 December 2021

In Million Pesos	For the years ended December 31		Change year-on-year	
(except for Earnings per Share (EPS))	**2022**	**2021**	**in Pesos**	**in %**
REVENUES				
Real estate sales	P 3,800.0	P 3,622.8	P 177.2	4.9%
Finance income	491.4	409.9	81.5	19.9%
Equity share in net earnings of an associate	0.2	4.1	(3.9)	-95.2%
Commissions and other income	415.5	498.1	(82.6)	-16.6%
	4,707.1	4,534.9	172.2	3.8%
COSTS AND EXPENSES				
Cost of real estate sales	2,228.0	2,228.7	(0.7)	0.0%
Finance costs	398.8	367.4	31.4	8.6%
Operating Expenses	1,123.7	1,321.4	(197.7)	-15.0%
Income taxes	241.2	(179.7)	420.9	234.2%
	3,991.7	3,737.8	253.9	6.8%
NET PROFIT	715.4	797.1	(81.7)	-10.2%
Net profit (loss) attributable to:				
Parent company's shareholders	720.2	805.8	(85.6)	-10.6%
Non-controlling interests	(4.8)	(8.7)	3.9	44.2%
EPS - Basic and Diluted	P 0.049	P 0.055	(P 0.0)	-11.2%

During the twelve-month period, the consolidated net profit amounted to Php715.4 million, with 10.3% decrease from previous year's net income of Php797.1 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Commissions and other revenues amount to Php4.7 billion and Php4.5 billion in 2022 and 2021, respectively.

Real Estate Sales

The Group registered Real Estate Sales of Php3.8 billion for the year ended 31 December 2022 compared with Php3.6 billion for the year ended 31 December 2021. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, The Cambridge Village, Mango Tree Residences, The Rochester Garden, Little Baguio Terraces, Covent Garden, The Sonoma, San Lorenzo Place, and The Paddington Place.

The Cost of Real Estate Sales amounted to Php2.2 billion for the years ended 31 December 2022 and 2021 or 58.6% and 61.5% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for the year ended 31 December 2022 and 2021 amounted to Php1.6 billion and Php1.4 billion or 41.4% and 38.5% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended 31 December 2022 and 2021 amount to Php491.4 million and Php409.9 million or 10.4% and 9.0% of Total Revenues, respectively. They were derived mostly from in-house financing and various advances to related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended 31 December 2022 and 2021 resulted to Php415.5 million and Php498.1 million or 8.8% and 11.0% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.2 million and Php4.1 million for the year ended 31 December 2022 and 2021, respectively.

Operating Expenses

Operating Expenses for the year ended 31 December 2022 and 2021 amount to Php1.1 billion and Php1.3 billion, respectively. Other charges/expenses include Finance Cost of Php398.8 million and Php367.4 million for the year ended 31 December 2022 and 2021, respectively.

FINANCIAL CONDITION

Review of 31 December 2022 versus 31 December 2021

In Million Pesos	**As of December 31**		**Change year-on-year**	
Selected Balance Sheet Data	**2022**	**2021**	**in Pesos**	**in %**
Trade and other receivables[1]	P 11,393.2	P 10,741.3	P 651.9	6.1%
Contract assets[1]	2,583.1	2,052.9	530.2	25.8%
Advances to related parties	5,084.7	4,747.8	336.9	7.1%
Prepayments and other current assets	944.4	806.7	137.7	17.1%
Property and equipment - net	132.1	144.9	(12.8)	-8.8%
Total Assets	47,280.3	46,205.1	1,075.2	2.3%
Interest-bearing loans and borrowings[1]	1,000.0	1,250.0	(250.0)	-20.0%
Trade and other payables	2,013.7	1,821.5	192.2	10.6%
Contract liabilities[1]	308.9	280.6	28.3	10.1%
Retirement benefit obligation	67.7	136.6	(68.9)	-50.4%
Deferred tax liabilities - net	1,988.3	1,878.0	110.3	5.9%
Total Liabilities	16,520.6	16,211.9	308.7	1.9%
Revaluation reserves	701.7	650.5	51.2	7.9%
Retained earnings	8,548.8	7,828.6	720.2	9.2%
Equity Attributable to the Parent Company's stockholders	27,967.6	27,196.2	771.4	2.8%
Non-controlling interests	2,792.1	2,797.0	(4.9)	-0.2%
Total Equity	30,759.7	29,993.1	766.6	2.6%

[1] *Current+Non-current*

Total Assets of the Group as of 31 December 2022 and 2021 amount to Php47.3 billion and Php46.2 billion, respectively. Cash and Cash Equivalents as of December 31 increased from Php3.39 billion in 2021 to Php3.44 billion in 2022. The Group remains liquid with Total Current Assets of Php42.1 billion in 2022 and Php40.8 billion in 2021, which accounts for 89.0% and 88.3% of the Total Assets as of 31 December 2022 and 2021, respectively. While Total Current Liabilities amounts to Php13.5 billion in 2022 and Php13.0 billion in 2021.

Total Equity as of December 31 increased from Php29.9 billion in 2021 to Php30.8 billion in 2022 due to the Group's Net Income for the 12-month period, remeasurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2022 and 2021, the Group sourced its major cash requirements from internally generated funds.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2022 Financial Statements
(Increase or decrease of 5% or more versus 31 December 2021)
Statements of Financial Position

- 6.1% increase in Trade and other receivables - net
  Mainly due to the recognized sales from completed projects for the period and advance payments made to suppliers and contractors

- 25.8% increase in Contract Assets
  Mainly due to the progress in the construction of various projects

- 7.1% increase in Advances to related parties
  Primarily due to interest on outstanding advances

- 17.1% increase in Prepayments & other current assets
  Due to transfer related taxes processed during the year and adjustment on deferred commission related to uncompleted projects

- 8.8% decrease in Property and equipment - net
  Primarily due to depreciation for the year

- 20% decrease in Interest-bearing loans and borrowings
  Due to repayment of bank loans

- 10.6% increase in Trade and other payables
  Primary due to increase in construction activities of various projects

- 10.1% increase in Contract liabilities
  Mainly due to sustained collections from customers of certain uncompleted projects

- 50.4% decrease in Retirement benefit obligation
  Due to additional contribution made and remeasurement of the retirement benefit obligation

- 5.9% increase in Deferred Tax Liabilities-net
  Pertains to the tax effect of taxable and deductible temporary differences

- 7.9% increase in Revaluation reserve
  Mainly due to increase in fair market value of investment in securities held by a subsidiary and remeasurement of retirement benefit obligation

- 9.2% increase in Retained Earnings
  Pertains to Net Income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2021)

- 4.9% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 19.9% increase in Finance income
  Mainly due to interest on the outstanding advances to related parties and short-term investments of the Group

- 95.2% decrease in Equity share in net income of associates
  Due to lower net operating income reported by an associate

- 16.6% decrease in Commission and other income
  Mainly due to a decrease in revenues reported by a subsidiary which were derived from other related sources

- 8.6% increase in Finance costs
  Mainly due to interest on loans and advances from related parties

- 15% decrease in Operating expenses
  Mainly due to decrease in marketing and administrative expenses

- 234.2% decrease in Tax expense
  Mainly due to the effect of the tax adjustment taken in the prior year upon the implementation of CREATE Law

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

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

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

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

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

Item 7. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The Company's external auditor, Punongbayan & Araullo, billed the amount of Php2,350,000 and Php2,075,000 annually exclusive of VAT for the years ending 31 December 2023 and 2022, respectively, in professional fees for services rendered by it for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2023 and 2022.
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Apart from the foregoing, no other services were rendered, or fees billed by the Company's external auditors for the years ending 31 December 2023 and 2022.

The engagement of Punongbayan & Araullo and the handling partner is approved by the Board of Directors in consultation with its Audit Committee and by the stockholders of the Company. The selection of external auditors is made based on credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

Item 8. Financial Statements

Consolidated Audited Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as Exhibit 1 and incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company complied with SRC Rule 68, as amended, as prescribed by the Code of Ethics for Professional Accountants as adopted by the Board of Accountancy and the Professional Regulation Commission, and the Company's Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the engagement partner changed after seven (7) years of engagement. A five-year cooling-off period shall be observed in the re-engagement of the same engagement partner. In this regard, starting the year ending 31 December 2023, Mr. Edcel U. Costales, one of the Audit and Assurance Partners of Punongbayan and Araullo (P&A), was designated as the engagement partner for the audit of the Company's financial statements. Mr. Renan A. Piamonte, also one of the Audit and Assurance Partners of P&A, handled the audit of the Company's financial statement for the past seven years from 2016 to 2022.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

The Company's Board of Directors consists of seven (7) members, of which two are independent directors. All of the directors were elected during the annual meeting of stockholders held on 06 June 2023 for a term of one year and will hold office until their successors are elected and qualified.

The table sets forth each member of the Company's Board and Officers as of 29 February 2024.

Name	Present Position
Andrew L. Tan……………………	Chairman of the Board
Anthony Charlemagne C. Yu…...	Director/President/CEO
Cresencio P. Aquino…………….	Lead Independent Director
Sergio R. Ortiz-Luis, Jr.…………..	Independent Director
Evelyn G. Cacho…………………	Director
Kevin Andrew L. Tan……………	Director
Enrique Santos L. Sy……………	Director
Jhoanna Lyndelou T. Llaga……	Senior Vice President for Marketing
Franemil T. Ramos……………..	First Vice President for Management Information System
Arminius M. Madridejos……….	First Vice President for Property Development
Dennis E. Edaño……………….	Corporate Secretary/First Vice President for Legal and Corporate Affairs
Celeste Z. Sioson-Bumatay.…	Assistant Corporate Secretary/First Vice President for Credit and Collection
Lino P. Victorioso, Jr………….	Chief Financial Officer/Chief Information Officer/ Compliance Officer
Amiel Victor A. Asuncion………	Senior Assistant Vice President for Human Resources
Kim Camille B. Manansala…….	Senior Assistant Vice President for Audit and Management Services
Giovanni C. Ng………………….	Treasurer

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business or professional experience for the past five (5) years.

Andrew L. Tan
Chairman of the Board

Mr. Tan, 74 years old, Filipino, has served as Chairman of the Company's Board of Directors since its incorporation in July 1994. He was also Treasurer of the Company from July 1994 to May 1998. He is the Chairman of the Board and President of Megaworld Corporation, a publicly listed corporation and the parent of the Company, and Chairman of other publicly listed companies such as Alliance Global Group, Inc., Emperador Inc., and Global-Estate Resorts, Inc. He pioneered the live-work-play-learn model in real estate development through the Company's integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He embarked on the development of integrated tourism estates through publicly-listed Alliance Global Group, Inc. and Global-Estate Resorts, Inc., which he both chairs, while continuing to focus on consumer-friendly food and beverage and quick service restaurants. Mr. Tan serves as Chairman of the Board of Empire East Land Holdings, Inc., a publicly-listed subsidiary of the Company, and Suntrust Properties, Inc., a subsidiary engaged in the development and marketing of affordable housing projects. He also serves in the boards of other Megaworld subsidiaries including Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties Inc., Megaworld Bacolod Properties, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Newport Property Holdings, Inc. and Richmonde Hotel Group International Limited. He is also the Chairman of Emperador Inc., a public-listed company which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines. Mr. Tan is Chairman Emeritus of Megaworld Foundation, the Company's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance and environmental conservation. He is a director of Travellers International Hotel Group, Inc., which owns Newport World Resorts Manila, and the food and beverage companies, Emperador Distillers, Inc. Alliance Global Brands, Inc. and Golden Arches Development Corporation. Dr. Tan graduated magna cum laude from the University of the East with a Bachelor of Science degree in Business Administration. In 2011, Dr. Tan was conferred by the University of the East the Degree of Doctor of Humanities, honoris causa.

Anthony Charlemagne C. Yu
Director/President/CEO

Mr. Yu, 61 years old, Filipino, has been a member of the Company's Board of Directors since August 1997 and has served as President and CEO of the Company for the same period. He joined Megaworld Land, Inc. in July 1996 and served as its Vice President until July 1997. Mr. Yu obtained his Bachelor of Arts degree major in Political Science from the Ateneo de Manila University and his Bachelor of Laws degree from the University of the Philippines. He holds a Master's Degree from the University of London. Mr. Yu previously worked for Ten Knots Development Corporation where he served as Vice President for Corporate and Legal Affairs and was a member of both its Executive and Management Committees. He also worked as a Legal Associate in one of the country's largest and most active law firms then, and served as Special Legal Counsel to the Secretary of Health, Dr. Juan Flavier. He also served as a Consultant in the Senate of the Philippines. He was a member of the University Faculty of the Ateneo de Manila University for many years, and sat on the board of the Institute of the Philippine Culture of the Ateneo de Manila University. He was also a Founding Faculty of the College of Law of De La Salle University, and a Professor of Law at the Lyceum College of Law. Mr. Yu continues to serve as a Professor of Law in the College of Law of the University of the Philippines. He was a member of the Philippine Delegation to the Integrated Environmental Management Forum held in Israel. Mr. Yu was also a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sat in the Board of Trustees of Management Advancement Systems, Association, Inc. He is currently the Chairman of the Board and President of the Philippine Science-assisted school, Laguna BelAir Science School, Inc. He is the President of the El Nido Foundation, an NGO that promotes sustainable development and environmental protection in northern Palawan. He is a Trustee of Culion Foundation, a social development organization that primarily supports undertakings on the prevention and control of selected communicable and infectious diseases, reproductive health, and micro-enterprise development. He is the Chairman of the ERDA Group of Foundations, which promotes educational assistance to the marginalized sectors of society, including street children. He was also a member of the Board of Trustees of a non-profit research and education development institution that provides socio-economic research and analysis on people's issues to various sectors. He also sits in the Board of NVC Foundation- Negrense Volunteers for Change, an organization that fights hunger and poverty by providing proper nutrition for poor children, as well as sustainable livelihood opportunities for their families. He is also a member of the Board of Trustees of WWF Philippines, which works to improve Filipino lives by crafting solutions to climate change, providing sustainable livelihood programs, and conserving the country's richest marine and terrestrial habitats. Mr. Yu is also President and/or Director of Empire East Communities, Inc., Megaworld Central Properties, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Megaworld Newport Property Holdings, Inc.

Cresencio P. Aquino
Lead Independent Director

Atty. Aquino, 70 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He concurrently serves as an independent director in the boards of publicly-listed companies, Megaworld Corporation and Global-Estate Resorts, Inc. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016, Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government ("DILG") from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines. Atty. Aquino graduated from San Sebastian College Manila with the degree of Bachelor of Arts in 1973. He obtained his Bachelor of Laws from the same institution in 1977.

Sergio R. Ortiz-Luis, Jr.
Independent Director

Mr. Ortiz-Luis, 80 years old, Filipino, is an independent director of the Company since June 2022. He is the Head of the Philippine Exporters Confederation, Inc., the country's umbrella organization of Philippine exporters under the Export Development Act, Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry, President of Employers Confederation of the Philippines, a Director and Past President at Philippine Foundation, Inc. or Team Philippines, and Founding Director of the International Chamber of Commerce in the Philippines. He is also the Independent Director of MREIT, Inc. Mr. Ortiz-Luis, Jr. obtained his bachelor's degree in Liberal Arts and Business Administration, and a candidate of Master of Business Administration from De La Salle College. He has a PhD in Humanities from Central Luzon State University, PhD in Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology, and PhD in Business Administration from Angeles University Foundation.

Evelyn G. Cacho
Director

Ms. Cacho, 62 years old, Filipino, has served as director of the Company since 20 February 2009. Ms. Cacho joined the Company in February 1995 and was previously the Senior Vice President, Compliance Officer and Corporate Information Officer of the Company. She currently serves as director of the Company's subsidiaries, Empire East Communities, Inc., Laguna BelAir School, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., and Sherman Oak Holdings, Inc. She also holds the position of Treasurer of Megaworld Central Properties, Inc. and Megaworld Newport Property Holdings, Inc. She is the Assistant Corporate Secretary of Gilmore Property Marketing Associates, Inc. Prior to joining the Company, she had extensive experience in the fields of financial/operations audit, treasury, and general accounting from banks, manufacturing, and trading companies. Ms. Cacho has a bachelor's degree in Business Administration major in Accounting and is a Certified Public Accountant by profession.

Kevin Andrew L. Tan
Director

Mr. Tan, 44 years old, Filipino, has served as Director last June 2015. He is the Executive Vice President and Chief Strategy Officer of Megaworld Corporation. He previously held the position of Senior Vice President for Commercial Division which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of public-listed company, Alliance Global Group, Inc, and President and Chief Executive Officer of MREIT, Inc. He is also concurrently a Director of publicly-listed companies, Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc. and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a Chairman of Megaworld Foundation, Inc. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

Enrique Santos L. Sy
Director

Mr. Sy, 74 years old, Filipino, was elected to the Board on 09 June 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to 23 December 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until 31 March 2011. Mr. Sy concurrently serves on the board of the publicly-listed company, Megaworld Corporation. He is a Director of Eastin Holdings and First Oceanic Property Management, Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and the Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative

Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc., and Peace Advertising Corporation and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

Jhoanna Lyndelou T. Llaga
Senior Vice President for Marketing

Ms. Llaga, 52 years old, Filipino, currently serves as director of Empire East Communities, Inc, the Company's subsidiary, and as a Senior Vice President of Megaworld Central Properties, Inc., an affiliate of the Company. She joined the Company in April 1996 and is currently the Senior Vice President for Marketing. She was appointed Marketing Head in June 2003, Assistant Vice President in July 2009, Vice President in March 2011and First Vice President in July 2015. Ms. Llaga graduated from the University of the Philippines in March 1994 with the degree of Bachelor of Arts in English Language Studies.

Franemil T. Ramos
First Vice President for Management Information System

Mr. Ramos, 49 years old, Filipino, joined the company in December 1997 and held various positions in the Management Information System (MIS) Department. He was appointed as First Vice President in May 2022. He also held the position of Senior Manager on July 2004, Assistant Vice President on July 2006 and Vice President for MIS on July 2016. Mr. Ramos has a broad background in multiple programming languages along with extensive experience in system analysis, design, and implementation. Prior to joining the company, he was a Programmer Analyst of Union Industries, Inc. assigned to developing and migrating applications from mainframe computer. He graduated from the Lyceum of the Philippines with the degree of Bachelor of Science in Information Technology.

Arminius M. Madridejos
First Vice President for Property Development

Mr. Madridejos, 52 years old, Filipino, currently heads the Property Development Division. He entered the Company as a Senior Manager in January 2009, was appointed Assistant Vice President in 2015, Vice President in 2017, and First Vice President in May 2023. Prior to joining the Company, he had work experiences in Jose Aliling & Associates (a construction management firm), SYNA Engineering (a project management firm based in Dubai), and Ayala Land, Inc. (construction management division). He obtained his B.S. Civil Engineering degree from the University of the Philippines – Diliman in 1994, and his Civil Engineering license on the same year.

Dennis E. Edaño
Corporate Secretary/First Vice President for Legal and Corporate Affairs

Mr. Edaño, 47 years old, Filipino, is the Corporate Secretary of the Company. He has been with the Company since September 2003 and currently heads the Legal & Corporate Affairs Department. Prior to his appointment as Corporate Secretary, Mr. Edaño was Assistant Corporate Secretary of the Company. Mr. Edaño has extensive experience in civil, criminal, administrative, labor and local taxation litigation, labor relations and real estate law. Prior to joining the Company, he was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices. Mr. Edaño obtained his bachelor's degree in Law in 1999 from the University of the Philippines and his bachelor's degree in Liberal Arts major in Philosophy from the same institution in 1995.

Celeste Z. Sioson
Assistant Corporate Secretary/First Vice President for Credit and Collection

Ms. Sioson, 47 years old, Filipino, is the Assistant Corporate Secretary of the Company. She joined the Company in October 2006 and is currently the First Vice President of the Credit and Collection Department of the Company. Ms. Sioson obtained her bachelor's degree in Law from the University of the Philippines in 2002 and her bachelor's degree in Science major in Biology in 1998 from the same institution. She has extensive experience in civil, criminal, administrative, labor litigation, labor relations and real estate law. Prior to joining the Company, she was a Senior Associate at the Andres Marcelo

Padernal Guerrero and Paras Law Offices and an Associate at the Ponce Enrile Reyes & Manalastas Law Offices.

Lino P. Victorioso, Jr.
Chief Financial Officer/Chief Information Officer/Compliance Officer

Mr. Victorioso, Jr., 43 years old, Filipino, is the current Chief Financial Officer/Chief Information Officer/Compliance Officer of the Company. He also serves as the Data Protection Officer of Megaworld Corporation, a publicly-listed company. Mr. Victorioso previously held the position of Senior Assistant Vice-President and headed the Corporate Financial Services Division of the Megaworld Corporation. Prior to joining the Company, he held various CFO roles in the real estate and retail industries. Mr. Victorioso graduated cum laude from the University of the Philippines Diliman with a degree in Business Administration and Accountancy. He is a Certified Public Accountant.

Amiel Victor A. Asuncion
Senior Assistant Vice President for Human Resources

Mr. Asuncion, 40 years old, Filipino, has been with the Company since May 2014, and currently heads its Human Resources Department. Prior to his assignment as head of the Human Resources Department, Mr. Asuncion was Assistant Vice President of the Legal and Corporate Affairs Division of the Company. Mr. Asuncion obtained his Juris Doctor degree from the Ateneo de Manila University School of Law in 2010 and his Bachelor of Arts degree, major in Philosophy, minor in English Literature from the Ateneo de Manila University in 2006. Mr. Asuncion has extensive experience in civil, criminal, administrative, tax, and labor litigation, labor relations, and real estate law. Prior to joining the Company, Mr. Asuncion was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices and at Villaraza Cruz Marcelo & Angangco, and a Legal Officer at the Philippine Amusement and Gaming Corporation.

Kim Camille B. Manansala
Senior Assistant Vice President for Audit and Management Services

Ms. Manansala, 33 years old, Filipino, currently serves as Senior Assistant Vice President for Audit and Management Services (AMS). She joined the company in May 2016 as Senior Audit Manager and was appointed as AMS-Head in July 2016, Assistant Vice President for AMS in January 2017 and Senior Assistant Vice President for AMS in July 2022. She is also the assigned Project Manager for the SAP implementation from January 2017 to the present. Prior to joining the Company, she worked with SyCip Gorres Velayo & Co. (SGV & Co.) as Senior Assurance Associate where she gained extensive exposure in financial/operations audit for insurance, service, finance, and holding companies, advertising and non-profit institutions. She also worked with QBE Group Shared Services Centre as Quality Assurance Analyst Level 4 and AMA Group of Companies as Senior Audit Manager. Ms. Manansala graduated Magna Cum Laude from the Polytechnic University of the Philippines in 2011 with the degree of Bachelor of Science in Accountancy and is a Certified Public Accountant by profession.

Giovanni C. Ng
Treasurer

Mr. Ng, 50 years old, Filipino, has served as Treasurer of the Company since 06 January 2002. He is also the Senior Vice President and Finance Director of Megaworld Corporation and Treasurer of Adams Properties, Inc. and Townsquare Development, Inc. He serves as a director in Eastwood Property Holdings, Inc., Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc. and New Town Land Partners, Inc. and Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman Andrew L. Tan and Mr. Kevin Andrew L. Tan, both directors of the Company, are father and son, respectively.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as a director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as a director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as a director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as a director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as a director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 11. Executive Compensation

Compensation of Certain Executive Officers

The total annual compensation paid to the President/CEO and four most highly compensated executive officers of the Company amounted to Php54,486,438 and Php46,456,448 in 2023 and 2022, respectively. The projected total annual compensation of the named executive officers for 2024 is Php56,795,753.

Compensation of Directors

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. In 2023, the Company paid a total of Php900,000 for directors' per diem and has allocated the same amount for 2023.

Apart from directors' per diem, there are no other arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

SUMMARY COMPENSATION TABLE

The following table identifies the President and the four most highly compensated officers of the Company and summarizes their aggregate compensation in 2022 and 2023 and estimated aggregate compensation for 2024:

Name and Principal Position	Year	Salary	Others Variable Pay	Total Annual Compensation
Anthony Charlemagne C. Yu, President & CEO				
Evelyn G. Cacho Senior Vice President				
Jhoanna Lyndelou T. Llaga Senior Vice President for Marketing				
Dennis E. Edaño First Vice President for Legal and Corporate Affairs				
Celeste S. Bumatay First Vice President for Credit and Collection				
President and 4 Most Highly Compensated Officers	2022	40,622,733	5,833,715	46,456,448
	2023	45,385,639	9,100,799	54,486,438
	2024	47,654,920	9,140,833	56,795,753
All Other Officers and Directors as a Group	2022	32,016,362	4,006,912	36,023,274
	2023	34,556,311	5,529,191	40,085,502
	2024	35,624,097	6,199,006	41,823,103

Employment Contracts and Change-in-Control Arrangements

Executive officers are appointed by the Board of Directors to their respective offices. Certain executive officers are employees of the Company and are entitled to standard employee benefits extended by the Company to the employees.

Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants and options in respect of the Company's shares that are held by the Company's CEO, or any director or executive officer of the Company.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares of Common Stock as of 31 December 2023

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 11th Avenue cor. 36 Street, Uptown Bonifacio, Taguig City	Megaworld Corporation	Filipino	11,994,426,438	81.7271%
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	The shares registered in the name of PCD Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients.	Filipino	2,007,773,456[1]	13.6805%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that is known to the Company.

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

Security Ownership of Management as of 31 December 2023

Title of Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors				
Common	Andrew L. Tan	24,277,777 (direct)	Filipino	0.165422%
		11,994,426,438[1] (indirect)	Filipino	81.727062%
		149,692,820[2] (indirect)	Filipino	1.019970%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne C. Yu	1 (direct)	Filipino	0.000000%
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	0.000000%
Common	Enrique Santos L. Sy	11,892 (direct)	Filipino	0.000081%
Common	Evelyn G. Cacho	35,240 (direct)	Filipino	0.000240%
Common	Sergio R. Ortiz-Luis, Jr.	1 (direct)	Filipino	0.000000%
President and Four Most Highly Compensated Officers				
Common	Anthony Charlemagne C. Yu	Same as above		
Common	Evelyn G. Cacho	Same as above		
Common	Jhoanna Lyndelou T. Llaga	0	Filipino	n/a
Common	Dennis E. Edaño	0	Filipino	n/a
Common	Celeste Z. Sioson-Bumatay	0	Filipino	n/a
Other Executive Officers				
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Franemil T. Ramos	0	Filipino	n/a
Common	Kim Camille B. Manansala	0	Filipino	n/a
Common	Amiel Victor A. Asuncion	0	Filipino	n/a
Common	Arminius M. Madridejos	0	Filipino	n/a
Common	All directors and executive officers as a group	24,324,913 (direct)	Filipino	0.165743%

Voting Trust Holders of 5% or More

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions

Please refer to the discussion under Transactions with and/or dependence on Related Parties on pages 9 and 10.

The Group's policy on related party transactions is disclosed in Note 25 of Audited Consolidated Financial Statements.

[1] The shares are held by Megaworld Corporation had authorized Andrew L. Tan, in his capacity as Chairman of the Board and President, or in his absence the Chairman of the Meeting, to vote Megaworld's common shares in the Company.
[2] The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.

Also, Note 25 of the Group's Audited Consolidated Financial Statements cites the conditions, purpose, and types of transactions (i.e., advances given to and received from related parties for construction-related activities, recognition of rental income, recognition of commission income, and the grant by a stockholder of security under the Group's commercial/term loan) which give rise to the due to/from related parties and advances to/from stockholders, associates, and other related parties.

In accordance with PAS 24.18, the Group disclosed the amounts of the transactions with its related parties, including the amount of outstanding balances as of the reporting dates.

The Company has no transaction for the covered period with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24 but with whom the Company or its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART IV – CORPORATE GOVERNANCE

Item 14. Corporate Governance. Integrated Annual Corporate Governance Report (IACGR) will be filed separately.

PART V – EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

Exhibit No.	Description of Exhibit
1	Audited Consolidated Financial Statements as of 31 December 2023 and 2022
1-A	Audited Financial Statements of Empire East Land Holdings, Inc. as of 31 December 2023 and 2022
2	Sustainability Report for 2023

The Company filed the following reports on SEC Form 17-C during the last six-month period covered by this report.

Date	Disclosures
13 April 2023	Notice of 2023 Annual Stockholders' Meeting
05 May 2023	Resignation of Mr. Ricky S. Libago as Executive Vice President
06 June 2023	Results of 2023 Annual Stockholders' Meeting
06 June 2023	Results of 2023 Organizational Meeting
18 September 2023	Appointment of Mr. Lino Victorioso, Jr. as Chief Financial Officer

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized.

EMPIRE EAST LAND HOLDINGS, INC.

By:

ANTHONY CHARLEMAGNE C. YU
President
(Principal Executive Officer
and Principal Operating Officer)

LINO P. VICTORIOSO, JR.
Chief Financial Officer
(Principal Financial Officer,
Comptroller and Principal
Accounting Officer)

DENNIS S. EDAÑO
Corporate Secretary

APR 15 2024 QUEZON CITY

SUBSCRIBED AND SWORN to before me this _____ day of ______________, affiants exhibiting to me their respective government issued identification cards, as follows;

NAMES	Identification Card Number
Anthony Charlemagne C. Yu	UMID Number: 0111-6964168-4
Lino P. Victorioso, Jr.	TIN Number: 926-681-972
Dennis S. Edaño	SSS Number: 33-6291897-6

Doc. No. 320;
Page No. 64;
Book No. XLVI;
Series of 2024.

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No.Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D 01/03/2024 Roll No. 33332 / TIN # 129-871-009-000
MCLE No. 7 & 8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

Exhibit 1

Audited Consolidated Financial Statements as of December 31, 2023 and 2022

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2023 and 2022** 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 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 to do so.

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

LINO P. VICTORIOSO JR.
Chief Financial Officer

Signed this 23rd day of February, 2024.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 05 2024
BY: ERWIN PACINIO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

2 9 FEB 2024

SUBSCRIBED AND SWORN to me before this __________ of 2024 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Lino P. Victorioso Jr.	926-681-972

QUEZON CITY

ATTY. RUBEN [illegible] AZAÑES, JR.
NOTARY PUBLIC IN QUEZON CITY
AM Adm. No. [illegible]
IBP O.R. No. 354112 - [illegible] No. 46427
PTR No. 5555119 - Jan. 2, 20[illegible] TIN: 140-394-836-000
MCLE Compliance No. VII-0011605 valid until 04-15-2025
Address: Bagong Lipunan ng Crame, Q.C.

Doc. No. 147
Page No. 30
Book No. XI
Series of 2024

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 05 2024
BY: ERWIN PACI[illegible]
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

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FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2023, 2022 and 2021

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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APR 05 2024

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Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

Opinion

We have audited the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements are presented fairly in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 audits 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.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters are 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.

(a) Revenue Recognition on Real Estate Sales and Determination of Related Costs of Real Estate Sales

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales amounted to P4.0 billion or 76.8% of consolidated Revenues and Income while costs of real estate sales amounted to P2.5 billion or 56.2% of consolidated Costs and Expenses for the year ended December 31, 2023. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, and measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized, while areas affected by the determination of related costs, which also require significant judgement and estimates, include determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policies for revenue recognition on real estate sales and determination of costs of real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied, and estimates used by management related to revenue recognition and cost determination are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 19 and 20, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions, and an understanding of the cost determination policy regarding the real estate inventories and expenditures, together with the significant business processes of the Group related to these policies.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition and cost determination policies and processes include understanding the policies and procedures applied to revenue recognition and cost determination, as well as compliance therewith, and assessment of the design and operating effectiveness of controls related to revenue recognition, employed by the Group, including relevant information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized through examination of real estate sales contracts and other relevant supporting documents of the samples selected and performed overall analytical review of actual results.

As part of our review of compliance with revenue recognition criteria, we tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behaviour.

Relative to the Group's measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts. We have also recomputed for the reasonableness of capitalized borrowing costs of the Group that formed part of the real estate inventories.

(b) Net Realizable Value of Real Estate Inventories

Description of the Matter

Real estate inventories consist of raw land and residential real estate projects under development or construction. As of December 31, 2023, real estate inventories amounted to P20.6 billion, which accounts for 41.7% of total consolidated assets of the Group. Inventory is measured at the lower of cost and net realizable value. The cost of inventory includes, among others, land, engineering and construction fees, professional fees directly attributable to the project, construction overheads and other directly related costs.

The Group assessed internally the net realizable value of the inventory and reduced the carrying amount when the net realizable value was lower than the cost. The net realizable value calculation is highly dependent on estimates like, among others, the estimated sales prices per square meter, the estimated remaining construction costs and the expected timing of sale of the units. The Group's management performed the valuation and assessed any possible write-downs on inventory for each project separately.

The net realizable value of real estate inventories was considered as a key audit matter due to the significance of the balance of inventories over the total consolidated assets of the Group and the involvement of significant estimates and management judgment in determining the net realizable value of inventories.

The Group's policy on accounting for real estate inventories is disclosed in Notes 2 and 3 to the consolidated financial statements and an analysis of the assets' components is presented in Note 7.

How the Matter was Addressed in the Audit

We have obtained an understanding and evaluated the net realizable value assessment process. We also examined whether real estate inventories are periodically assessed by the Group's management and the net realizable values are estimated based on accuracy and completeness of data. Additionally, we performed substantive audit procedures and tested in detail with the Group's management the net realizable value method applied and the key assumptions used. Moreover, we performed test of reasonableness on the assumption used and obtained supporting documents on the samples selected for the data inputs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' 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 PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, 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.

Auditors' 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 auditors' 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 PSA 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 PSA, 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 auditors' 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 auditors' 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 group audit. We remain solely responsible for our audit opinion.

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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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 audits resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	5	**P 3,717,469,500**	P 3,437,787,004
Trade and other receivables - net	6	**9,697,626,445**	8,920,677,740
Contract assets	19	**2,534,011,730**	2,565,004,858
Advances to related parties	25	**5,467,534,052**	5,084,657,859
Real estate inventories	7	**20,625,100,501**	21,105,557,021
Prepayments and other current assets		**1,258,346,299**	944,433,438
Total Current Assets		**43,300,088,527**	42,058,117,920
NON-CURRENT ASSETS			
Trade and other receivables	6	**3,411,569,342**	2,472,501,559
Contract assets	19	**207,184,338**	18,108,521
Financial asset at fair value through other comprehensive income (FVOCI)	8	**1,270,128,000**	1,339,940,000
Advances to landowners and joint ventures	9	**242,894,346**	241,655,890
Investment in an associate	10	**279,875,774**	279,750,572
Property and equipment - net	11	**160,858,357**	132,144,169
Intangible assets - net	12	**34,262,307**	117,822,235
Investment properties - net	13	**587,082,411**	615,100,960
Other non-current assets		**5,190,893**	5,190,893
Total Non-current Assets		**6,199,045,768**	5,222,214,799
TOTAL ASSETS		**P 49,499,134,295**	P 47,280,332,719

	Notes	2023	2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	P 200,000,000	P 150,000,000
Trade and other payables	15	2,558,733,723	2,013,715,199
Customers' deposits	16	5,140,775,975	4,485,704,498
Advances from related parties	25	6,061,736,667	5,764,677,182
Contract liabilities	19	96,357,478	206,007,855
Other current liabilities	18	1,042,240,285	891,723,295
Total Current Liabilities		15,099,844,128	13,511,828,029
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14, 33	650,000,000	850,000,000
Contract liabilities	19	160,409,459	102,847,590
Retirement benefit obligation	23	153,998,592	67,720,502
Deferred tax liabilities - net	24	2,071,285,858	1,988,251,361
Total Non-current Liabilities		3,035,693,909	3,008,819,453
Total Liabilities		18,135,538,037	16,520,647,482
EQUITY			
Attributable to the Parent Company's stockholders			
Capital stock	26	14,803,455,238	14,803,455,238
Additional paid-in capital	26	4,307,887,996	4,307,887,996
Treasury stock - at cost	26	(102,106,658)	(102,106,658)
Revaluation reserves	26	547,624,726	701,654,277
Other reserves	2	(292,118,243)	(292,118,243)
Retained earnings	26	9,314,581,026	8,548,796,655
Total equity attributable to the Parent Company's stockholders		28,579,324,085	27,967,569,265
Non-controlling interests		2,784,272,173	2,792,115,972
Total Equity		31,363,596,258	30,759,685,237
TOTAL LIABILITIES AND EQUITY		P 49,499,134,295	P 47,280,332,719

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES AND INCOME				
Real estate sales	19	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512
Finance income	22	587,439,873	491,376,516	409,859,311
Rental income	13, 28	107,466,532	89,620,201	82,369,787
Commission income	25	37,121,681	29,635,160	45,075,231
Equity share in net earnings of an associate	10	125,202	194,160	4,074,172
Other income	21	473,439,890	296,275,168	370,652,690
		5,203,131,447	4,707,066,845	4,534,838,703
COSTS AND EXPENSES				
Cost of real estate sales	20	2,497,388,384	2,228,021,015	2,228,701,691
Salaries and employee benefits	23	431,102,206	398,502,593	410,112,022
Finance costs	22	391,092,973	398,806,384	367,358,500
Commissions	19	224,455,776	237,653,397	237,184,791
Association dues		141,761,997	72,107,916	62,223,314
Taxes and licenses	13	89,199,114	68,696,660	142,700,549
Travel and transportation		82,738,992	65,475,732	43,151,070
Advertising and promotion		71,299,910	112,144,138	186,757,740
Depreciation and amortization	11, 12, 13	61,679,519	46,836,096	69,477,080
Other expenses	13, 21	234,472,848	122,241,931	169,794,068
Tax expense (income)	24	219,999,156	241,204,860	(179,711,192)
		4,445,190,875	3,991,690,722	3,737,749,633
NET PROFIT		757,940,572	715,376,123	797,089,070
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently through profit or loss:				
Remeasurements on retirement benefit	23	(112,290,070)	53,225,333	42,317,621
Tax income (expense)	24	28,072,519	(13,306,334)	(2,347,227)
Fair value gains (losses) on financial assets at FVOCI	8	(69,812,000)	11,260,000	135,120,000
		(154,029,551)	51,178,999	175,090,394
TOTAL COMPREHENSIVE INCOME		P 603,911,021	P 766,555,122	P 972,179,464
Net profit (loss) attributable to:				
Parent company's shareholders		P 765,784,371	P 720,214,688	P 805,765,516
Non-controlling interest		(7,843,799)	(4,838,565)	(8,676,446)
		P 757,940,572	P 715,376,123	P 797,089,070
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		P 611,754,820	P 771,393,687	P 980,855,910
Non-controlling interest		(7,843,799)	(4,838,565)	(8,676,446)
		P 603,911,021	P 766,555,122	P 972,179,464
EARNINGS PER SHARE - Basic and Diluted	27	P 0.052	P 0.049	P 0.055

See Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 05 2024
BY: ERWIN PACINIO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(Amounts in Philippine Pesos)

	Attributable to Parent Company's Shareholders								
	Capital Stock (see Note 26)	**Additional Paid-in Capital** (see Note 26)	**Treasury Stock** (see Note 26)	**Revaluation Reserves** (see Notes 8, 23 and 26)	**Other Reserves** (see Notes 2 and 26)	**Retained Earnings** (see Note 26)	**Total**	**Non-controlling Interests**	**Total**
Balance at January 1, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 701,654,277	(P 292,118,243)	P 8,548,796,655	P 27,967,569,265	P 2,792,115,972	P 30,759,685,237
Total comprehensive income (loss) for the year	-	-	-	(154,029,551)	-	765,784,371	611,754,820	(7,843,799)	603,911,021
Balance at December 31, 2023	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 547,624,726**	**(P 292,118,243)**	**P 9,314,581,026**	**P 28,579,324,085**	**P 2,784,272,173**	**P 31,363,596,258**
Balance at January 1, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 650,475,278	(P 292,118,243)	P 7,828,581,967	P 27,196,175,578	P 2,796,954,537	P 29,993,130,115
Total comprehensive income (loss) for the year	-	-	-	51,178,999	-	720,214,688	771,393,687	(4,838,565)	766,555,122
Balance at December 31, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 701,654,277	(P 292,118,243)	P 8,548,796,655	P 27,967,569,265	P 2,792,115,972	P 30,759,685,237
Balance at January 1, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 475,160,800	(P 292,118,243)	P 7,023,040,535	P 26,215,319,668	P 2,805,630,983	P 29,020,950,651
Total comprehensive income (loss) for the year	-	-	-	175,090,394	-	805,765,516	980,855,910	(8,676,446)	972,179,464
Transfer of reserves to earnings	-	-	-	224,084	-	(224,084)	-	-	-
Balance at December 31, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 650,475,278	(P 292,118,243)	P 7,828,581,967	P 27,196,175,578	P 2,796,954,537	P 29,993,130,115

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 977,939,728	P 956,580,983	P 617,377,878
Adjustments for:				
Finance income	22	(587,439,873)	(491,376,516)	(409,859,311)
Finance costs	22	391,092,973	398,806,384	367,358,500
Gain on lease credits	17, 25	(106,091,000)	-	-
Impairment loss on goodwill	12	77,347,634	-	-
Depreciation and amortization	11, 12, 13	61,679,519	46,836,096	69,477,080
Equity share in net income of an associate	10	(125,202)	(194,160)	(4,074,172)
Gain on sale of property and equipment	11	-	(2,990,545)	(66,002)
Loss on retirement of property and equipment	11	-	-	47,388,165
Gain on write-off of retirement benefits		-	-	(7,781,159)
Gain on derecognition of lease liabilities	17	-	-	(4,119,620)
Operating profit before working capital changes		814,403,779	907,662,242	675,701,359
Increase in trade and other receivables		(1,572,900,204)	(533,075,583)	(1,065,070,492)
Decrease (increase) in contract assets		(158,082,689)	(530,165,133)	335,827,434
Decrease in real estate inventories		543,476,571	605,876,885	1,722,349,155
Increase in prepayments and other current assets		(250,484,915)	(137,735,794)	(91,853,560)
Increase in advances to landowners and joint ventures		(1,238,456)	(4,236,502)	(10,990,858)
Increase in trade and other payables		544,026,857	186,803,887	594,682,786
Increase (decrease) in contract liabilities		(52,088,508)	28,285,405	62,901,603
Increase (decrease) in customers' deposits		655,071,477	25,075,724	(686,323,234)
Increase (decrease) in other current liabilities		150,516,990	2,910,374	(41,840,217)
Decrease in retirement benefit obligation		(29,411,976)	(21,688,699)	(21,058,093)
Cash generated from operations		643,288,926	529,712,806	1,474,325,883
Interest received from receivables		22,589,169	39,312,613	28,313,297
Cash paid for income taxes		(108,892,140)	(144,228,994)	(156,881,044)
Net Cash From Operating Activities		556,985,955	424,796,425	1,345,758,136
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from cash and cash equivalents	22	80,949,550	30,753,942	12,170,714
Cash advances granted to related parties	25	(41,858,557)	(49,432,432)	(52,397,867)
Acquisitions of property and equipment	11	(13,732,576)	(1,379,758)	(6,536,694)
Collections of advances to related parties	25	-	15,009,671	1,633,177
Acquisition of intangible assets	12	-	(7,405,722)	-
Proceeds from the sale of property and equipment	11	-	4,554,889	66,002
Net Cash From (Used in) Investing Activities		25,358,417	(7,899,410)	(45,064,668)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of interest-bearing loans and borrowings	14, 33	(150,000,000)	(250,000,000)	(933,333,352)
Interest paid	15, 33	(79,388,749)	(47,052,307)	(53,555,195)
Repayments of advances from related parties	25, 33	(73,278,886)	(71,474,023)	(62,633,982)
Proceeds from additional advances from related parties	25, 33	5,759	-	8,524,628
Proceeds from interest-bearing loans and borrowings	14, 33	-	-	1,000,000,000
Net Cash Used in Financing Activities		(302,661,876)	(368,526,330)	(40,997,901)
NET INCREASE IN CASH AND CASH EQUIVALENTS		279,682,496	48,370,685	1,259,695,567
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,437,787,004	3,389,416,319	2,129,720,752
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,717,469,500	P 3,437,787,004	P 3,389,416,319

Supplemental Information on Non-cash Investing Activitivies –

In 2023, additional right-of-use assets amounting to P42.7 million was recognized (see Note 11). No lease liabilities were recognized since the Group has been granted with lease credits amounting to P106.1 million, which was presented as part of Other Income in the 2023 consolidated statement of comprehensive income (see Notes 21 and 25). The outstanding balance of lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 consolidated statement of financial position.

See Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses, and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of December 31, 2023 and 2022, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Eastwood Property Holdings, Inc. (EPHI)	(a)	100.00%
Valle Verde Properties, Inc. (VVPI)	(b)	100.00%
Sherman Oak Holdings, Inc. (SOHI)	(b)	100.00%
Empire East Communities, Inc. (EECI)	(c)	100.00%
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	100.00%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	72.50%
Sonoma Premier Land, Inc. (SPLI)	(b)	60.00%
Pacific Coast Megacity, Inc. (PCMI)	(f)	40.00%
Associate –		
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	47.00%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.
(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of December 31, 2023.
(c) Subsidiary incorporated in 2008 but ceased its operations as a marketing arm of real estate properties in 2014.
(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.
(e) Subsidiary primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.
(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method [see Note 3.1 (h)].

The registered office address, which is also the place of operations, of the Company and its subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 2nd Floor Tower 2, Kasara Urban Resort Residences P. Antonio St., Brgy. Ugong, Pasig City.

Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor, 1880 Building Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100.00% and 72.50% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of December 31, 2023 and 2022 are shown as part of Intangible Assets – net account in the consolidated statements of financial position (see Note 12).

Megaworld Corporation (Megaworld or Parent Company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 55.43% owned by Alliance Global Group, Inc. (AGI), the Company's Ultimate Parent Company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

1.2 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2023 (including the comparative consolidated financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Group's BOD on February 23, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below and on the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Group are disclosed in detail below and on the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers,* affecting the real estate industry under following Memorandum Circular (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

MC No. 08-2021, A*mendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to Clarify Transitory Provision,* provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

Discussed on the succeeding pages are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

(ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the opening retained earnings in the year of adoption.

(c) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income, expenses, and other comprehensive income or loss in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

The Group changed its presentation of the cashflows resulting from Advances to Related Parties previously presented under the Cash Flows from Operating Activities section, to the Cashflows from Investing Activities section in the consolidated statements of cashflows. This did not have any impact on the Group's consolidated statements of financial position, consolidated statements of comprehensive income, and consolidated statements of changes in equity.

(d) Functional and Presentation Currency

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

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies.* The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the consolidated financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective in 2023 that is not Relevant to the Group

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Acquired subsidiaries are subject to either of the following relevant policies:

(a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

(b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

Acquired investment in associate is subject to the purchase method.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, i.e., interest includes only consideration for the time value of money, credit risk, or other basic lending risks and a profit margin. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangements, the related financial asset is classified and measured at FVTPL.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has designated certain equity instrument at FVOCI on initial recognition.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Group applies a general approach specifically, in relation to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, for debt instruments measured at amortized cost (except trade and other receivables where simplified approach is used) and at FVOCI, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties and Other Current Liabilities (excluding Miscellaneous). Refund liability is measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15.

2.5 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.6 Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any impairment losses. As the land has no finite useful life, it's related carrying amount is not depreciated.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below. Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

Building and other improvements	5 to 25 years
Office furniture and equipment	3 to 5 years
Transportation equipment	5 years

2.7 Intangible Assets

Intangible assets include goodwill and acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite. Goodwill is classified as intangible asset with infinite life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses.

2.8 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of building and office and commercial units held for lease and a parcel of land held for capital appreciation, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except land for which is not subject to depreciation. Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities and rendering of services.

The Group develops real properties such as house and lot and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell pre-completed real properties is disclosed in Note 3.1(b). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Group are as follows:

(a) Real estate sales on pre-completed real estate properties – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Group.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(d) *Commission* – Revenue is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered to customers that are completed over time (i.e., end of each month).

(e) *Tuition and miscellaneous fees* – Revenue is recognized over time over the corresponding school term.

Incremental costs of obtaining a contract to sell real property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except for capitalized borrowing costs.

The costs of real estate sales include the acquisition cost of the land and development costs incurred for the project (see Note 2.5).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets.

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position.

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, consideration received from buyers is presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.10 Direct Contract Cost

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Group's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets in the consolidated statement of financial position (see Note 19.3). Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the consolidated statement of comprehensive income.

2.11 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Subsequent to initial recognition, the Group amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is 3 to 5 years.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as Lessor

The Group applies judgment in determining whether a lease contract is a finance or operating lease.

2.12 Impairment of Non-financial Assets

The Group's Investment in an Associate, Property and Equipment, Intangible Assets, Investment Properties, goodwill and other non-financial assets are tested for impairment. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.13 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by trustees.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.14 Earnings Per Share

The Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments mentioned below and on the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Option

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the factors enumerated below.

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determines that its performance obligation for pre-completed real estate inventories is satisfied over time, while its performance obligation for completed real estate inventories is satisfied at a point in time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(iii) Tuition Fees

The Group determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the counterparties. The Group renders services without the need for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(c) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(d) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for Trade Receivables, Contract Assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., projects and customer type).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to Advances to Related Parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Group's Trade and Other Receivables, Contract Assets and Advances to Related Parties are disclosed in Note 29.2.

(e) Distinction Among Investment Property and Owner-managed Properties

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(f) Distinction Between Real Estate Inventories and Investment Property

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's use over these assets in making its judgment.

(g) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(h) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(i) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligations. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(d) *Determination of Net Realizable Value of Real Estate Inventories*

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(e) *Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties*

The Group estimates the useful lives of Property and Equipment, Intangible Assets, and Investment Properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are 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 assets.

The carrying amounts of Property and Equipment, Intangible Assets, and Investment Properties are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2023 and 2022, there is no change in estimated useful lives of Property and Equipment, Intangible Assets and Investment Properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2023 and 2022 will be utilized in the succeeding years.

The carrying values of the Group's deferred tax assets as of December 31, 2023 and 2022 are disclosed in Note 24.

(g) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit (CGU) based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. On October 20, 2022, LBASSI filed for the certificate of clearance with the BIR Revenue District Office No. 057, Biñan, West Laguna.

In 2023, LBASSI retracted its filed application for the certificate of clearance with BIR. LBASSI will remain as a non-operating entity until such time that it ventures again into business.

Based on management's assessment, impairment loss amounting to P77.3 million on goodwill has been recognized since the recoverable amount of the cash generating units is less than their carrying amount in 2023 (see Note 12).

No impairment losses were recognized on Advances to Landowners and Joint Ventures, Investment in an Associate, Property and Equipment, Investment Properties, and other non-financial assets in 2023, 2022 and 2021 (see Notes 9, 10, 11 and 13).

(h) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the Retirement Benefit Obligation in the next reporting period.

The amounts of Retirement Benefit Obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(i) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 31.4.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its consolidated financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, contract assets and real estate inventories. Excluded from segment assets are Cash and Cash Equivalents, Advances to Related Parties, Prepayments, Advances to Landowners and Joint Ventures, Investments in an Associate, Property and Equipment, Intangible Assets, Investment Properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of Contract Liabilities and Customers' Deposits. Excluded from segment liabilities are Interest-bearing Loans and Borrowings, Trade and Other Payables, Advances from Related Parties, Deferred Tax Liabilities and Retirement Benefit Obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2023, 2022 and 2021 and certain asset and liability information regarding segments as at December 31, 2023, 2022 and 2021.

	High Rise Projects			Horizontal Projects			Total		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
REVENUES									
Real estate sales	**P 3,651,882,437**	P 3,566,584,650	P 3,383,909,085	**P 345,655,832**	P 233,380,990	P 238,898,427	**P 3,997,538,269**	P 3,799,965,640	P 3,622,807,512
Finance income	**136,631,933**	135,808,063	115,749,633	**11,635,045**	8,450,489	5,092,961	**148,266,978**	144,258,552	120,842,594
Rental income	**14,677,006**	17,189,304	17,431,216	**-**	-	-	**14,677,006**	17,189,304	17,431,216
Other income	**277,426,111**	155,670,753	157,184,641	**9,399,769**	10,842,544	4,685,048	**286,825,880**	166,513,297	161,869,689
	4,080,617,487	3,875,252,770	3,674,274,575	**366,690,646**	252,674,023	248,676,436	**4,447,308,133**	4,127,926,793	3,922,951,011
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,310,566,542**	2,096,109,839	2,083,592,091	**186,821,842**	131,911,176	145,109,600	**2,497,388,384**	2,228,021,015	2,228,701,691
Commissions	**199,293,899**	199,731,748	195,115,595	**11,848,142**	18,641,320	18,570,947	**211,142,041**	218,373,068	213,686,542
Association dues	**131,765,698**	61,985,205	50,765,686	**6,237,793**	7,761,307	5,729,143	**138,003,491**	69,746,512	56,494,829
Advertising and promotion	**49,276,760**	90,405,992	158,959,027	**14,325,457**	12,595,558	23,329,042	**63,602,217**	103,001,550	182,288,069
Taxes and licenses	**49,575,127**	32,620,734	48,973,052	**8,940,581**	8,774,720	8,641,254	**58,515,708**	41,395,454	57,614,306
Rentals	**3,814,336**	6,108,597	6,498,758	**-**	388,488	-	**3,814,336**	6,497,085	6,498,758
Salaries and employee benefits	**799,383**	1,132,027	865,327	**113,256**	-	128,141	**912,639**	1,132,027	993,468
Travel and transportation	**105,978**	90,277	48,826	**28,118**	26,536	4,049	**134,096**	116,813	52,875
Other expenses	**63,000,076**	50,939,530	49,916,296	**5,163,020**	4,416,464	5,071,813	**68,163,096**	55,355,994	54,988,109
	2,808,197,799	2,539,123,949	2,594,734,658	**233,478,209**	184,515,569	206,583,989	**3,041,676,008**	2,723,639,518	2,801,318,647
SEGMENT OPERATING PROFIT	**P 1,272,419,688**	P 1,336,128,821	P 1,079,539,917	**P 133,212,437**	P 68,158,454	P 42,092,447	**P 1,405,632,125**	P 1,404,287,275	P 1,121,632,364
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P 24,154,408,651**	P 22,786,828,361		**P 7,004,218,353**	P 7,086,399,603		**P 31,158,627,004**	P 29,873,227,964	
Segment liabilities	**4,948,182,003**	4,401,292,829		**310,890,758**	311,445,220		**5,259,072,761**	4,712,738,049	

There was no segment interest expense allocated in 2023, 2022 and 2021.

4.5 Reconciliations

Presented below and on the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2023	2022	2021
Revenues			
Total segment revenues	**P 4,447,308,133**	P 4,127,926,793	P 3,922,951,011
Unallocated revenues:			
Finance income	**439,172,895**	347,117,963	289,016,717
Rental income from investment property	**92,789,526**	72,430,897	64,938,571
Commission income	**37,121,681**	29,635,160	45,075,231
Other income	**186,739,212**	129,956,032	212,857,173
	755,823,314	579,140,052	611,887,692
Revenues as reported in the consolidated statements of comprehensive income	**P 5,203,131,447**	P 4,707,066,845	P 4,534,838,703
Profit or loss			
Segment operating profit	**P 1,405,632,125**	P 1,404,287,275	P 1,121,632,364
Other unallocated income	**755,823,314**	579,140,052	611,887,692
Other unallocated expenses	**(1,403,514,867)**	(1,268,051,204)	(936,430,986)
Net profit as reported in the consolidated statements of comprehensive income	**P 757,940,572**	P 715,376,123	P 797,089,070
Assets			
Segment assets	**P 31,158,627,004**	P29,873,227,964	
Unallocated assets:			
Cash and cash equivalents	**3,717,469,500**	3,437,787,004	
Trade and other receivables-net	**5,316,865,352**	5,208,621,735	
Advances to related parties	**5,467,534,052**	5,084,657,859	
Prepayments and other current assets	**1,258,346,299**	944,433,438	
Financial asset at FVOCI	**1,270,128,000**	1,339,940,000	
Advances to landowners and joint ventures	**242,894,346**	241,655,890	
Investment in associate	**279,875,774**	279,750,572	
Property and equipment - net	**160,858,357**	132,144,169	
Investment property - net	**587,082,411**	615,100,960	
Intangible assets - net	**34,262,307**	117,822,235	
Other non-current assets	**5,190,893**	5,190,893	
	18,340,507,291	17,407,104,755	
Total assets as reported in the consolidated statements of financial position	**P 49,499,134,295**	P47,280,332,719	

	2023	2022
Liabilities		
Segment liabilities	**P 5,259,072,761**	P 4,712,738,049
Unallocated liabilities:		
Interest-bearing loans and borrowings	**850,000,000**	1,000,000,000
Trade and other payables	**2,558,733,723**	2,013,715,199
Customers' deposits	**426,106,702**	313,526,406
Advances from related parties	**6,061,736,667**	5,764,677,182
Other current liabilities	**754,603,734**	660,018,783
Retirement benefit obligation	**153,998,592**	67,720,502
Deferred tax liabilities - net	**2,071,285,858**	1,988,251,361
	12,876,465,276	11,807,909,433
Total liabilities as reported in the consolidated statements of financial position	**P18,135,538,037**	P 16,520,647,482

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	2023	2022
Cash on hand and in banks	**P 2,198,642,524**	P 2,011,906,440
Short-term placements	**1,518,826,976**	1,425,880,564
	P 3,717,469,500	P 3,437,787,004

Cash in banks generally earns interest based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 76 days in 2023 and in 2022, and 51 days in 2021 and earn annual effective interest ranging from 3.13% to 6.25% in 2023, 0.38% to 5.75% in 2022 and 0.25% to 1.25% in 2021. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2023, 2022 and 2021 and earn annual effective interest ranging from 1.5 % to 5.0% in 2023, 0.05% to 4.0% in 2022, and 0.05% to 0.15% in 2021 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	2023	2022
Current:			
Trade receivables	25.2	**P 5,222,281,770**	P4,551,528,008
Advances to suppliers and contractors		**2,934,983,423**	3,061,729,762
Rent receivable	25.2	**386,081,089**	386,207,124
Advances to condominium associations		**375,842,604**	361,678,095
Interest receivable		**96,333,778**	75,025,195
Management fee receivable	25.2	**44,119**	44,119
Others		**682,245,864**	484,651,639
		9,697,812,647	8,920,863,942
Allowance for impairment		**(186,202)**	(186,202)
		9,697,626,445	8,920,677,740
Non-current:			
Trade receivables		**3,277,067,010**	2,348,771,102
Refundable security deposits		**134,502,332**	123,730,457
		3,411,569,342	2,472,501,559
		P13,109,195,787	P11,393,179,299

The Group's trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) are subjected to credit risk. These receivables are evaluated by the Group for impairment and assessed that no ECL should be provided for the periods presented.

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 8% to 22%. The related interest earned on these sales contracts amounting to P27.0 million, P26.5 million, and P18.8 million in 2023, 2022 and 2021, respectively, are reported as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The installment period of noninterest-bearing sales contracts ranges from two to five years with imputed interest of 7.33% in 2023, 5.75% in 2022 and 5.78% in 2021. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P172.9 million, P121.3 million and P117.8 million in 2023, 2022 and 2021, respectively, are presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income. Amortization of day one loss amounting to P121.3 million, P117.8 million and P102.1 million in 2023, 2022 and 2021, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

Advances to suppliers and contractors represent down payments made by the Group to the suppliers and contractors based on a certain percentage of the contract price, construction materials purchased by the Group that is used by the contractors, and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Group either on a pro-rated basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Group's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric Group, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables include advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Group considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 29.2(b)].

7. REAL ESTATE INVENTORIES

The Group's real estate inventories at the end of 2023 and 2022 were stated at cost. The composition of this account as at December 31 is shown below (see Note 20).

	2023	2022
Residential and condominium units for sale	**P 14,307,097,266**	P14,793,544,954
Raw land inventory	**4,424,215,132**	4,424,215,132
Property development costs	**1,893,788,103**	1,887,796,935
	P 20,625,100,501	P21,105,557,021

Interest expense from Interest-bearing loans and borrowings amounting to P63.0 million and P8.9 million in 2023 and 2021 is capitalized as part of Real Estate Inventories account in the consolidated statements of financial position. There was no similar transaction in 2022.

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the consolidated statements of comprehensive income (see Note 20), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Group's interest-bearing loans and borrowings for the years ended December 31, 2023 and 2022.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management assessment the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of Real Estate Inventories have been recognized in the consolidated financial statements.

8. FINANCIAL ASSETS AT FVOCI

The movements in the carrying amounts of financial assets at FVOCI as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P 1,339,940,000**	P 1,328,680,000
Fair value gains (losses)	**(69,812,000)**	11,260,000
Balance at end of year	**P 1,270,128,000**	P 1,339,940,000
Cost	**P 832,950,000**	P 832,950,000
Accumulated fair value gains:		
Balance at beginning of year	**506,990,000**	495,730,000
Fair value gains (losses) for the year	**(69,812,000)**	11,260,000
	437,178,000	506,990,000
Balance at end of year	**P 1,270,128,000**	P 1,339,940,000

Financial assets at FVOCI pertain to investments held by EPHI in equity securities of the Ultimate Parent Company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments as of December 31, 2023 and 2022, is categorized as Level 1 in the fair value hierarchy (see Note 31.2).

The net accumulated fair value gains or losses in financial assets at FVOCI are shown as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 26.4).

Dividend income earned amounted to P16.9 million, P13.5 million, and P7.9 million in 2023, 2022 and 2021, respectively, and is presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1).

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recognized as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7).

In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

	2023	2022
Advances to landowners:		
Balance at beginning of year	**P 136,561,076**	P 132,887,049
Additional advances	**896,556**	3,674,027
Balance at end of year	**137,457,632**	136,561,076
Advances to joint ventures:		
Balance at beginning of year	**105,094,814**	104,532,339
Additional advances	**341,900**	562,475
Balance at end of year	**105,436,714**	105,094,814
	P 242,894,346	P 241,655,890

The Group commits to developing the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2023 and 2022.

The net commitment for construction expenditures amounts to:

	2023	2022
Total commitment for construction expenditures	**P 11,205,054,936**	P 11,205,054,936
Total expenditures incurred	**(9,187,561,472)**	(9,040,058,953)
Net commitment	**P 2,017,493,464**	P 2,164,995,983

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2023 and 2022. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Group accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Group was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project. Administrative and operational functions of the project are provided by the Group and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Group and the co-joint operator.

As of December 31, 2023 and 2022, the Group has no other material contingent liabilities with regard to these joint ventures.

10. INVESTMENT IN AN ASSOCIATE AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The components of investment in an associate as of December 31 are as follows:

	2023	2022
Investments in associate at equity	**P 293,960,618**	P 293,960,618
Accumulated equity in net losses	**(14,210,046)**	(14,404,206)
Equity shares in net income for the year	**125,202**	194,160
Balance at end of year	**(14,084,844)**	(14,210,046)
	P 279,875,774	P 279,750,572

10.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues, and net loss of GPMAI as of December 31 are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Profit (Loss)
2023	**P 570,994,799**	**P 17,591,437**	**P 12,083,558**	**P -**	**P 9,758,990**	**P 792,367**
2022	P 571,330,279	P 16,546,323	P 12,166,291	P -	P 3,496,283	(P 2,283,127)
2021					P 806,380	(P 3,643,001)

The reconciliation of the summarized information to the carrying amount of the interest in GPMAI is as follows:

	2023	2022
Net assets at end of year	**P 576,502,678**	P 575,710,311
Share of GPMAI in net asset of MCPI	**(53,178,075)**	(52,650,014)
	523,324,603	523,060,297
Equity ownership interest	**47.37%**	47.37%
	247,898,864	247,773,662
Nominal goodwill	**31,976,910**	31,976,910
Balance at end of year	**P 279,875,774**	P 279,750,572

As of December 31, 2023 and 2022, there are no available fair values for this investment in an associate as this is not listed in stock markets.

Based on the assessment of the management, the investment in an associate is not impaired due to the active efforts of the Group to raise funds to push through with the associate's projects.

10.2 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material non-controlling interest (NCI) are shown below.

	Proportion of Ownership Interest and Voting Rights Held by NCI		**Subsidiary's Consolidated Loss Allocated to NCI**		**Accumulated Equity of NCI**	
Name	**2023**	2022	**2023**	2022	**December 31, 2023**	December 31, 2022
LBASSI	**27.50%**	27.50%	**(P 1,420,269)**	P 229,467	**P 76,487,607**	P 77,907,876
SPLI	**40.00%**	40.00%	**(77,978)**	(80,282)	**542,220,852**	542,298,830
PCMI	**60.00%**	60.00%	**(6,345,552)**	(4,987,750)	**2,165,563,714**	2,171,909,266

The summarized financial information of LBASSI, SPLI, and PCMI before intragroup eliminations is shown below.

	LBASSI		**SPLI**		**PCMI**	
	2023	2022	**2023**	2022	**2023**	2022
Current assets	**P 1,447,433**	P 1,546,237	**P 512,174,092**	P 512,066,542	**P2,801,397,159**	P 2,812,042,580
Non-current assets	**114,849,886**	119,105,455	**-**	-	**816,261,150**	816,261,150
Total assets	**P 116,297,319**	P 120,651,692	**P 512,174,092**	P 512,066,542	**P3,617,658,309**	P 3,628,303,730
Current liabilities	**P 2,993,188**	P 2,187,859	**P 23,320,172**	P 23,017,676	**P 8,385,460**	P 8,454,960
Non-current liabilities	**5,739,497**	5,739,497	**-**	-	**-**	-
Total liabilities	**P 8,732,685**	P 7,927,356	**P 23,320,172**	P 23,017,676	**P 8,385,460**	P 8,454,960
Equity	**P 107,564,634**	P 112,724,336	**P 488,853,920**	P 489,048,866	**P3,609,272,849**	P 3,619,848,770

	LBASSI 2023	LBASSI 2022	LBASSI 2021	**SPLI 2023**	SPLI 2022	SPLI 2021	**PCMI 2023**	PCMI 2022	PCMI 2021
Revenues	**P -**	P13,637,376	P30,718,352	**P -**	P -	P -	**P 891**	P 1,090	P 6,961
Net profit (loss)	**(P 3,418,165)**	P 489,467	(P10,008,978)	**(P 194,946)**	(P 200,706)	(P 196,053)	**(P 10,575,921)**	(P 8,312,916)	(P 9,953,981)
Net cash from (used) in operating activities	**P 437,616**	(P19,217,505)	(P 1,670,637)	**(P 299,740)**	(P 220,770)	(P 215,905)	**(P 263,551)**	(P 186,473)	(P 168,113)
Net cash from in investing activities	**-**	4,420,960	35,640	**-**	-	-	**-**	-	-
Net cash from (used) in financing activities	**(437,616)**	1,182,098	(6,769,053)	**376,996**	214,551	215,830	**-**	-	-
Net cash inflow(outflow)	**P -**	(P13,614,447)	(P 8,404,050)	**P 77,256**	(P 6,219)	(P 75)	**(P 263,551)**	(P 186,473)	(P 168,113)

In 2023, 2022 and 2021, LBASSI, SPLI and PCMI have not declared nor paid any dividends.

10.3 Contingent Liabilities

As of December 31, 2023 and 2022, the Group has no contingent liabilities for subsidiaries with significant non-controlling interest and associate which were incurred jointly with other investors and the Group is not severally liable for all or part of the contingent liabilities of the subsidiaries and associate.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of items of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
December 31, 2023							
Cost	P 81,095,000	P 92,376,453	P 96,912,251	P 56,926,304	P 131,770,269	P 42,663,054	P 501,743,331
Accumulated depreciation and amortization	-	(59,024,808)	(88,110,105)	(52,516,699)	(126,832,381)	(14,400,981)	(340,884,974)
Net carrying amount	**P 81,095,000**	**P 33,351,645**	**P 8,802,146**	**P 4,409,605**	**P 4,937,888**	**P 28,262,073**	**P 160,858,357**
December 31, 2022							
Cost	P 81,095,000	P 92,376,453	P 92,141,300	P 54,852,804	P 137,284,205	P -	P 457,749,762
Accumulated depreciation and amortization	-	(55,060,371)	(82,370,476)	(53,109,590)	(135,065,156)	-	(325,605,593)
Net carrying amount	P 81,095,000	P 37,316,082	P 9,770,824	P 1,743,214	P 2,219,049	P -	P 132,144,169
January 1, 2022							
Cost	P 81,095,000	P 92,464,582	P 92,141,300	P 75,801,561	P 168,164,268	P -	P 509,666,711
Accumulated depreciation and amortization	-	(52,425,906)	(78,394,715)	(71,677,802)	(162,234,280)	-	(364,732,703)
Net carrying amount	P 81,095,000	P 40,038,676	P 13,746,585	P 4,123,759	P 5,929,988	P -	P 144,934,008

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022 and 2022 is shown as follows:

	Land	Building Other and Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
Balance at January 1, 2023, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 37,316,082	P 9,770,824	P 1,743,214	P 2,219,049	P -	P 132,144,169
Additions	-	-	4,770,951	4,173,679	4,787,946	42,663,054	56,395,630
Write off	-	-	-	-	(232,766)	-	(232,766)
Depreciation and amortization charges for the year	-	(3,964,437)	(5,739,629)	(1,507,288)	(1,836,341)	(14,400,981)	(27,448,676)
Net carrying amount at December 31, 2023	**P 81,095,000**	**P 33,351,645**	**P 8,802,146**	**P 4,409,605**	**P 4,937,888**	**P 28,262,073**	**P 160,858,357**
Balance at January 1, 2022, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 40,038,676	P 13,746,585	P 4,123,759	P 5,929,988	P -	P 144,934,008
Additions	-	-	-	378,570	1,001,188	-	1,379,758
Disposal	-	(88,129)	-	(141,283)	(1,334,932)	-	(1,564,344)
Depreciation and amortization charges for the year	-	(2,634,465)	(3,975,761)	(2,617,832)	(3,377,195)	-	(12,605,253)
Net carrying amount at December 31, 2022	P 81,095,000	P 37,316,082	P 9,770,824	P 1,743,214	P 2,219,049	P -	P 132,144,169
Balance at January 1, 2021, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
Additions	-	-	4,981,649	45,893	1,509,152	-	6,536,694
Write off	-	-	(47,388,165)	-	-	-	(47,388,165)
Depreciation and amortization charges for the year	-	(4,199,888)	(11,519,054)	(4,244,280)	(6,246,885)	(9,776,703)	(35,986,810)
Derecognition of Right-of-use assets	-	-	-	-	-	(29,330,108)	(29,330,108)
Net carrying amount at December 31, 2021	P 81,095,000	P 40,038,676	P 13,746,585	P 4,123,759	P 5,929,988	P -	P 144,934,008

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

In 2023, the Group derecognized certain fully depreciated transportation equipment with a cost of P2.1 million and certain furniture and fixtures with a carrying value of P0.2 million. In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. This resulted in a loss amounting to P47.4 million in 2021 which is presented as Loss on write-off of property and equipment under Other Expenses account in the 2021 consolidated statement of comprehensive income (see Note 21.2). Subsequently, such cost of leasehold improvements were considered as part of lease credits in the Group's new lease agreement with Megaworld (see Note 17). There were no similar transactions in 2022.

The Group sold various fixed assets with total carrying value of P1.6 million in 2022 and fully depreciated office furniture and equipment in 2021. The Group received proceeds amounting to P4.6 million and P0.1 million from the sale of property and equipment and recognized gain amounting to P3.0 million, and P0.1 million in 2022, and 2021, respectively, and is presented as part of Miscellaneous under Other Income in the Revenue and Income section of the consolidated statements of comprehensive income (see Note 21.1). There were no similar transactions in 2023.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2023, 2022 and 2021 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in business amounted to P281.0 million and P218.7 million as of December 31, 2023 and 2022, respectively.

12. INTANGIBLE ASSETS

This account is composed of the following:

	Note	**2023**	2022
Goodwill	2.7	**P 979,123**	P 78,326,757
Software licenses		**33,283,184**	39,495,478
		P 34,262,307	P 117,822,235

In 2023, the Group has recognized an impairment loss on goodwill related to LBASSI amounting to P77.3 million (see Note 3.2). The remaining goodwill arose from the acquisition of VVPI.

Goodwill arising from the acquisition of subsidiaries mentioned above were recognized based on management's expected future economic benefit and synergies that will result from combining the operation of the acquired subsidiaries.

The gross carrying amounts and allowance for impairment of goodwill at the beginning and end of 2023 and 2022 are shown below.

	2023	2022
Cost	P 78,326,757	P 78,326,757
Allowance for impairment	(77,347,634)	-
Net carrying amount	P 979,123	P 78,326,757

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2023 and 2022 are shown below.

	2023	2022
Cost	P 62,122,935	P 62,122,935
Accumulated amortization	(28,839,751)	(22,627,457)
Net carrying amount	P 33,283,184	P 39,495,478

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2023, 2022 and 2021 is shown below.

	2023	2022	2021
Balance at beginning of year	P 117,822,235	P 116,628,807	P 122,100,528
Impairment loss on goodwill	(77,347,634)	-	-
Additions	-	7,405,722	-
Amortization expense for the year	(6,212,294)	(6,212,294)	(5,471,721)
Balance at end of year	P 34,262,307	P 117,822,235	P 116,628,807

The impairment loss on goodwill is presented as part of Other Expenses account, while the amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

Intangible assets are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2022 and 2021 as the recoverable amount of intangible assets determined by management is higher than its carrying value.

13. INVESTMENT PROPERTIES

The Group's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income arising from the Group's operating leases recognized for the years ended December 31, 2023, 2022 and 2021 amounted to P92.8 million, P72.4 million, and P64.9 million, respectively, and are presented as part of Rental Income in the consolidated statements of comprehensive income. There is no rental income arising from finance lease in 2023, 2022 and 2021. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P1.5 million in 2023 and 2022, and P1.1 million in 2021 and repairs and maintenance amounting to P2.6 million, P1.8 million, and P1.3 million, in 2023, 2022 and 2021, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses, and Repairs and maintenance under Other Expenses account in the consolidated statements of comprehensive income (see Note 21.2).

The rental income from the operating leases of the Group is composed of the following:

	2023	2022	2021
Fixed	**P 81,021,234**	P 60,145,927	P 52,860,119
Variable	**11,768,292**	12,284,970	12,078,452
	P 92,789,526	P 72,430,897	P 64,938,571

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2023 and 2022 are shown below.

		Held for Lease		
	Land	**Building**	**Other Properties**	**Total**
December 31, 2023				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(38,764,793)	(347,927,332)	(386,692,125)
Net carrying value	**P 1,040,000**	**P 8,509,347**	**P 577,533,064**	**P 587,082,411**
December 31, 2022				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(36,637,457)	(322,036,119)	(358,673,576)
Net carrying value	P 1,040,000	P 10,636,683	P 603,424,277	P 615,100,960
January 1, 2022				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(34,510,121)	(296,144,906)	(330,655,027)
Net carrying value	P 1,040,000	P 12,764,019	P 629,315,490	P 643,119,509

A reconciliation of the carrying amount of investment properties at the beginning and end of 2023, 2022, and 2021 is shown below.

		Held for Lease		
	Land	Building	Other Properties	Total
Balance at January 1, 2023, net of accumulated depreciation	P 1,040,000	P 10,636,683	P 603,424,277	P 615,100,960
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2023, net of accumulated depreciation	**P 1,040,000**	**P 8,509,347**	**P 577,533,064**	**P 587,082,411**
Balance at January 1, 2022, net of accumulated depreciation	P 1,040,000	P 12,764,019	P 629,315,490	P 643,119,509
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2022, net of accumulated depreciation	P 1,040,000	P 10,636,683	P 603,424,277	P 615,100,960
Balance at January 1, 2021, net of accumulated depreciation	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2021, net of accumulated depreciation	P 1,040,000	P 12,764,019	P 629,315,490	P 643,119,509

The amount of depreciation on investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses section in the consolidated statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2023, 2022 and 2021 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 31.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings from local bank is discussed below.

2023	2022	Interest Rate	Security	Maturity
P 850,000000	P 1,000,000,000	Floating rate at 9.0% subject to quarterly repricing	Unsecured	Up to 2028

In 2021, the Group obtained an interest-bearing, unsecured seven-year P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate per annum. The proceeds were used to fund the development of the Group's various real estate projects and its working capital requirements. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

The bank loan requires the Group to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2023 and 2022, the Group is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2023, 2022, and 2021 amounted to P80.4 million, P52.5 million and P57.6 million, respectively (see Note 22.2). The related interest amounting to P63.0 million and P8.9 million in 2023 and 2021, respectively, is capitalized as part of Real Estate Inventories account in the consolidated statements of financial position. There was no similar transaction in 2022 as the amount to be capitalized is not significant to the Group's consolidated financial statements. Unpaid interest as of December 31, 2023 and 2022 amounted to P11.9 million, and P10.9 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 8.04% and 2.64% in 2023 and 2021, respectively (see Note 7). There was no similar transaction in 2022.

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the consolidated statements of financial position as follows:

	2023	2022
Current	**P 200,000,000**	P 150,000,000
Non-current	**650,000,000**	850,000,000
	P 850,000,000	P 1,000,000,000

15. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2023	2022
Trade payable		**P 2,342,747,639**	P 1,857,373,548
Accrued expenses		**70,669,220**	33,230,969
Taxes payable		**133 ,177,197**	111,962,682
Interest payable	14	**11,939,667**	10,948,000
Miscellaneous		**200,000**	200,000
		P 2,558,733,723	P 2,013,715,199

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

Taxes payable pertains to withholding taxes payable and other statutory payables such as SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

	2023	2022
Advances from customers	**P3,884,867,069**	P 3,248,279,156
Other deposits	**1,255,908,906**	1,237,425,342
	P5,140,775,975	P 4,485,704,498

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. LEASES

In 2021, the Group pre-terminated the contract with Megaworld for its leased asset located in Taguig. The lease term of this asset, based on the original contract, is for five years from January 1, 2018 to December 31, 2022. The Group has fully vacated the 12th floor in June 2021. Accordingly, the related lease liabilities and right-of-use assets were derecognized as of June 30, 2021. The gain on lease modification amounting to P4.1 million in 2021 is presented as part of Miscellaneous under Other Income in the 2021 consolidated statement of comprehensive income (see Note 21.1). There was no similar transaction in 2023 and 2022.

In 2023, the Group entered into leases its office spaces with remaining lease terms of one year and four years and is presented as Right-of-use assets under Property and Equipment. No lease liabilities were recognized due to lease credits granted to the Group amounting to P106.1 million. Such lease credits represent the cost of leasehold improvements and expenses incurred by the Group in its previously pre-terminated lease agreement with Megaworld, which was later on reimbursed by way of application to the Group's future lease payments to Megaworld (see Note 11). The total lease credits is presented as part of Other Income in the 2023 consolidated statement of comprehensive income while the remaining lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 consolidated statement of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contracts.

The Group has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The December 31, 2023, 2022, and 2021 expenses relating short-term leases amounted to P13.0 million, P13.5 million and P11.1 million, respectively, are presented as Rentals under Other Expenses account in the consolidated statements of comprehensive income (see Notes 21.2).

18. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

	Notes	**2023**	2022
Retention payable		**P 694,122,718**	P 596,550,002
Refund liability	21.2	**287,636,550**	231,704,512
Refundable deposits	28.1	**48,934,172**	51,921,936
Miscellaneous		**11,546,845**	11,546,845
		P 1,042,240,285	P 891,723,295

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2023, 2022, and 2021 amounted to P57.8 million, P44.2 million, and P34.1 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the consolidated statement of comprehensive income (see Note 21.2).

19. REAL ESTATE SALES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and other income. An analysis of the Group's real estate sales is presented below.

	2023	2022	2021
Geographical areas			
Within Metro Manila	**P 3,439,460,043**	P 3,130,268,670	P 2,740,174,242
Outside Metro Manila	**558,078,226**	669,696,970	882,633,270
	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512
Types of product or services			
Residential condominium	**P 3,651,882,437**	P 3,566,584,650	P 3,383,909,085
Residential lots and house and lots	**345,655,832**	233,380,990	238,898,427
	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512

19.2 Contract Accounts

a. Contract Assets

The Group's contract assets are classified as follows:

	2023	2022
Current	**P 2,534,011,730**	P 2,565,004,858
Non-current	**207,184,338**	18,108,521
	P 2,741,196,068	P 2,583,113,379

The significant changes in the contract assets balance as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P2,583,113,379**	P2,052,948,246
Transfers from contract assets recognized at the beginning of year to trade receivables	**(973,875,208)**	(406,301,982)
Increase as a result of changes in measurement of progress	**1,131,957,897**	936,467,115
Balance at end of year	**P2,741,196,068**	P2,583,113,379

b. Contract Liabilities

The Group's contract liabilities are classified as follows:

	2023	2022
Current	**P 96,357,478**	P 206,007,855
Non-current	**160,409,459**	102,847,590
	P 256,766,937	P 308,855,445

The significant changes in the contract liabilities balance as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P 308,855,445**	P 280,570,040
Revenue recognized that was included in contract liabilities at the beginning of year	**(24,870,126)**	(43,760,416)
Increase (decrease) due to cash received in excess of performance to date	**(27,218,382)**	72,045,821
Balance at end of year	**P 256,766,937**	P 308,855,445

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its revenue contracts. The total amount of amortization for 2023, 2022, and 2021 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movements in balances of deferred commission in 2023 and 2022 are presented below.

	2023	2022
Balance at beginning of year	**P 286,738,125**	P 258,991,994
Additional capitalized cost	**120,344,045**	68,774,109
Amortization for the year	**(53,768,983)**	(41,027,978)
Balance at end of year	**P 353,313,187**	P 286,738,125

19.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2023 and 2022 is P4.7 billion and P4.8 billion, respectively. As of December 31, 2023 and 2022, the Group expects to recognize revenue from unsatisfied contracts as presented below.

	2023	2022
Within a year	**P 2,061,764,238**	P 2,155,660,579
More than one year to three years	**2,083,346,476**	1,926,874,236
More than three years to five years	**546,532,407**	706,888,474
Balance at end of year	**P 4,691,643,121**	P 4,789,423,289

20. COST OF REAL ESTATE SALES

The breakdown of the cost of real estate sales are as follows (see Note 7):

	2023	2022	2021
Contracted services	**P 2,097,483,149**	P 1,902,020,736	P 1,999,791,892
Land cost	**286,217,315**	234,409,831	141,689,559
Borrowing cost	**75,798,696**	40,525,285	64,641,192
Other costs	**37,889,224**	51,065,163	22,579,048
	P 2,497,388,384	P 2,228,021,015	P 2,228,701,691

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

	Notes	**2023**	2022	2021
Forfeited collections and deposits		**P 247,937,294**	P131,996,577	P 108,278,701
Income from lease credits	17	**106,091,000**	-	-
Marketing and management fees	25.2	**115,119,420**	145,106,942	217,030,237
Tuition and miscellaneous fees		**-**	13,637,376	30,718,352
Miscellaneous	11, 17	**4,292,176**	5,534,273	14,625,400
		P 473,439,890	P296,275,168	P 370,652,690

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers, net of any loss on cancellations. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include manning charges, gain on lease modification, registration fees, medical and dental fees, laboratory fees, energy fees, and other fees charged to students upon enrollment.

21.2 Other Expenses

The breakdown of this account is shown below.

	Notes	2023	2022	2021
Impairment loss on goodwill	12	**P 77,347,634**	P -	P -
Provision for refund liability	18	**57,795,155**	44,213,877	34,146,764
Utilities		**15,360,839**	14,893,935	16,547,622
Rentals	17	**12,955,227**	13,487,284	11,063,149
Professional fees	25.3	**12,093,101**	5,400,740	7,828,036
Security services		**11,099,402**	7,201,534	12,612,638
Repairs and maintenance	13	**10,152,921**	6,431,019	7,319,177
Training, seminars and other benefits		**6,915,628**	1,598,349	5,181,104
Insurance		**6,674,259**	4,279,546	5,244,089
Janitorial services		**5,525,555**	10,916,172	4,644,068
Marketing events and awards		**4,827,844**	2,124,595	248,865
Computer license subscription		**4,413,127**	5,303,189	3,509,699
Office supplies		**2,189,651**	1,920,155	4,441,652
Documentation		**1,620,282**	1,080,904	1,087,533
Representation		**208,212**	298,346	76,844
Loss on write-off of property and equipment	11	**-**	-	47,388,165
Outside services		**-**	-	132,855
Miscellaneous		**5,294,011**	3,092,286	8,321,808
		P 234,472,848	P 122,241,931	P 169,794,068

Miscellaneous expenses include bank charges, motor vehicle registration and others.

Loss on write-off of property and equipment pertains to the loss on derecognized leasehold improvements in 2021. There was no similar transaction in 2023 and 2022 (see Note 11).

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below.

	Notes	2023	2022	2021
Interest income:				
Advances to related parties	25.1	**P 341,017,636**	P 302,459,256	P 268,277,015
Cash and cash equivalents	5	**80,949,550**	30,753,942	12,170,714
Trade and other receivables	6	**27,007,752**	26,482,239	18,790,091
Tuition fees		**-**	223,759	659,838
Amortization of day-one loss on noninterest-bearing financial instruments	6	**121,259,226**	117,776,313	102,052,503
Dividend income	8	**16,890,000**	13,512,000	7,882,000
Foreign currency gain - net		**315,709**	169,007	27,150
		P 587,439,873	P 491,376,516	P 409,859,311

22.2 Finance Costs

The breakdown of finance costs is shown below.

	Notes	2023	2022	2021
Interest expense on advances from related parties	25.1	**P 370,332,612**	P 340,333,360	P 312,167,217
Bank loans	14	**17,360,365**	52,478,297	48,647,239
Net interest expense on post-employment defined benefit obligation	23.2	**3,399,996**	5,994,727	6,544,044
		P 391,092,973	P 398,806,384	P 367,358,500

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2023	2022	2021
Short-term benefits		**P 407,014,182**	P 369,691,292	P 378,170,113
Post-employment benefits	23.2	**24,088,024**	28,811,301	31,941,909
		P 431,102,206	P 398,502,593	P 410,112,022

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially funded, tax qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of final monthly salary for every year of credited service but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented on the succeeding pages are based on the latest actuarial valuation reports obtained from independent actuaries.

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

	2023	2022
Present value of the obligation	**P 577,559,995**	P 429,740,305
Fair value of the assets	**(423,561,403)**	(362,019,803)
	P 153,998,592	P 67,720,502

The movements in the present value of the post-employment DBO recognized in the books are as follows:

	2023	2022
Balance at beginning of year	**P 429,740,305**	P 462,835,851
Interest expense	**32,071,256**	23,427,638
Current service cost	**24,088,024**	28,811,301
Remeasurements:		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**99,593,708**	(81,517,258)
Changes in demographic assumptions	**4,141,883**	(21,939,946)
Experience adjustments	**(1,680,455)**	34,571,389
Benefits paid	**(10,394,726)**	(16,448,670)
Balance at end of year	**P 577,559,995**	P 429,740,305

In 2021, the Group did not engage the services of an actuary for RBO valuation for LBASSI and has derecognized its related RBO as the Group is not expecting anymore to pay the retirement obligation of the employees due to the management's decision to cease the operations of Laguna Bel Air Science School taking effect after school year 2021-2022. Instead, the Group has accrued the severance pay as of December 31, 2021 amounting to P14.1 million and is presented as part of Other Current Liabilities in the 2021 consolidated statement of financial position, and as part of Salaries and Employee Benefits under Costs and Expenses section in the 2021 consolidated statement of comprehensive income. This was settled in 2022.

The movements in the fair value of plan assets are presented below.

	2023	2022
Balance at beginning of year	**P 362,019,803**	P 326,196,044
Actual contribution	**53,500,000**	50,500,000
Interest income	**28,671,260**	17,432,911
Loss on plan assets (excluding amounts included in net interest)	**(10,234,934)**	(15,660,482)
Benefits paid	**(10,394,726)**	(16,448,670)
Balance at end of year	**P 423,561,403**	P 362,019,803

The fair value of plan assets is composed of the following (in millions):

	2023	2022
Cash and cash equivalents	**P 336.9**	P 206.3
Investment in government issued debt securities	**86.7**	155.7
	P 423.6	P 362.0

The plan assets earned a return of P18.4 million, P1.8 million and 1.5 million in 2023, 2022 and 2021, respectively.

As of December 31, 2023 and 2022, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

The components of amounts recognized in the consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	**2023**	2022	2021
Reported in profit or loss:				
Current service cost	23.1	**P 24,088,024**	P 28,811,301	P 31,941,909
Net interest expense	22.2	**3,399,996**	5,994,727	6,544,044
		P 27,488,020	P 34,806,028	P 38,485,953
Reported in other comprehensive income (loss):				
Actuarial gains (losses) arising from:				
- changes in financial assumptions		**(P 99,593,708)**	P 81,517,258	P 49,530,354
- demographic assumption		**(4,141,883)**	21,939,946	183,196
- experience adjustments		**1,680,455**	(34,571,389)	2,837,531
Loss on plan assets (excluding amounts included in net interest)		**(10,234,934)**	(15,660,482)	(10,233,460)
		(P 112,290,070)	P 53,225,333	P 42,317,621

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 23.1) while the amounts of net interest expense are included under Finance Costs under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 22.2).

The amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2023	2022	2021
EELHI:			
Discount rates	**6.56%**	7.54%	5.08%
Expected rate of salary increases	**6.00%**	4.00%	4.00%
EPHI:			
Discount rates	**6.04%**	7.10%	4.98%
Expected rate of salary increases	**6.81%**	6.16%	6.72%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Company; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 to 65 for both males and females is shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	27
EPHI	60	17

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment and interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and on the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2023			
EELHI			
Discount rate	**+7.0%/-8.1%**	**(P 33,690,228)**	**P 39,049,479**
Salary increase rate	**+8.0%/-7.1%**	**38,876,517**	**(34,155,083)**
EPHI			
Discount rate	**+/-0.5%**	**(3,296,529)**	**3,561,268**
Salary increase rate	**+/-1.0%**	**6,598,703**	**(6,065,819)**
2022			
EELHI			
Discount rate	+5.7%/-6.5%	(P 20,280,395)	P 23,196,685
Salary increase rate	+6.7%/-6.0%	23,798,351	(21,114,661)
EPHI			
Discount rate	+/-0.5%	(2,649,516)	2,854,747
Salary increase rate	+/-1.0%	5,688,030	(4,997,622)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plans are currently underfunded by P154.0 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 10 to 20 years' time when a significant number of employees is expected to retire.

The Group expects to make a contribution of at least P53.5 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows:

	2023	2022
Within one year	**P 233,389,173**	P 190,032,920
More than one year to five years	**69,425,699**	94,477,223
More than five years to 10 years	**250,680,503**	149,769,754
More than 10 years to 15 years	**47,848,610**	62,012,644
More than 15 years to 20 years	**108,613,342**	78,962,537
More than 20 years	**151,371,858**	157,270,110
	P 861,329,185	P 732,525,188

The weighted average duration of the DBO at the end of the reporting period is 7.5 to 15 years.

24. TAX EXPENSE

The components of tax expense (income) reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below.

	2023	2022	2021
Reported in profit or loss:			
Current tax expense:			
RCIT at 25%, 20% and 10% in 2023 and 25%, 20% and 1% in 2022 and 2021	**P 92,737,922**	P 138,094,908	P 166,838,539
Final tax at 20%, 15% and 7.5%	**16,154,222**	6,134,086	2,430,078
	108,892,144	144,228,994	169,268,617
Effect of the change in income tax rate	**-**	-	(12,387,572)
	108,892,144	144,228,994	156,881,045
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**111,107,012**	96,975,866	23,877,945
Effect of the change in income tax rate	**-**	-	(360,470,182)
	111,107,012	96,975,866	(336,592,237)
	P 219,999,156	P 241,204,860	(P 179,711,192)
Reported in other comprehensive income or loss –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**(P 28,072,519)**	P 13,306,334	P 10,579,405
Effect of the change in income tax rate	**-**	-	(8,232,178)
	(P 28,072,519)	P 13,306,334	P 2,347,227

LBASSI, as an educational institution, is subject to 10% tax rate on its taxable income as defined under the tax regulations of the National Internal Revenue Code Section 27(B).

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense (income) as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

	2023	2022	2021
Tax on pre-tax profit at 25%, 20% and 10% in 2023 and 25%, 20% and 1% in 2022 and 2021	**P 264,703,460**	P 239,018,108	P 155,763,572
Adjustment for income subjected to lower income tax rates	**(4,083,157)**	(1,553,446)	(609,822)
Tax effects of:			
Non-taxable income on forfeited collections	**(48,230,566)**	(285,708)	(979,719)
Non-deductible interest expense	**4,046,398**	1,536,540	606,888
Non-deductible taxes and licenses	**3,292,722**	2,710,567	12,959,407
Changes in tax rates due to CREATE Law	**-**	-	(372,857,754)
Non-deductible loss on derecognition of property and equipment	**-**	-	11,847,041
Write-off of net deferred tax assets related to lease pre-termination	**-**	-	9,829,898
Others - net	**270,299**	(221,201)	3,729,297
	P 219,999,156	P 241,204,860	(P 179,711,192)

The net deferred tax liabilities as of December 31 relate to the following:

	Consolidated Statements of Financial Position		**Consolidated Statement of Profit or Loss**		
	2023	2022	**2023**	2022	2021
Deferred tax assets:					
Provision for refund liability	**P 71,909,137**	P 57,926,128	**(P 13,983,010)**	(P 10,355,166)	(P 441,182)
Retirement benefit obligation	**38,499,648**	16,930,126	**6,502,996**	3,923,492	21,534,264
Lease liability	**-**	-	**-**	-	17,893,260
	110,408,785	74,856,254	**(7,480,014)**	(6,431,674)	38,986,342
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,033,618,301)**	(1,906,236,495)	**127,381,806**	122,945,667	(292,847,817)
Deferred commission	**(88,328,299)**	(71,684,532)	**16,643,766**	6,936,533	7,138,650
Capitalized borrowing cost	**(52,603,596)**	(85,144,335)	**(32,540,740)**	(26,510,125)	(81,021,530)
Right of use assets – net	**(7,065,519)**	-	**7,065,519**	-	(9,030,393)
Unrealized foreign exchange loss - net	**(78,928)**	(42,253)	**36,675**	35,465	182,511
	(2,181,694,643)	(2,063,107,615)	**118,587,026**	103,407,540	(375,578,579)
Net Deferred Tax Expense (Income)			**P 111,107,012**	P 96,975,866	(P 336,592,237)
Net Deferred Tax Liabilities	**(P 2,071,285,858)**	(P 1,988,251,361)			

The deferred tax expense (income) presented in Other Comprehensive Income (Loss) section in the consolidated statements of comprehensive income pertains to the tax effect of remeasurements of retirement benefit obligation and change in income tax rates due to CREATE Law in 2021 which resulted to a tax income amounting to P28.1 million in 2023, and a tax expense amounting to P13.3 million, and P2.3 million in 2022 and 2021, respectively.

In 2023 and 2022, the Group is subject to the minimum corporate income tax (MCIT), which is computed at 2% and 1% of gross income (increased to 2% on July 1, 2023), as defined under the tax regulations, or RCIT, whichever is higher.

Presented below are the details of the Group's remaining NOLCO, which can be claimed as deductions from future taxable profit within three to five years from the year the tax loss was incurred. NOLCO incurred for the taxable years 2021 and 2020 can be claimed as a deduction from the future taxable income until 2026 and 2025, respectively, in accordance with R.A. 11494, *Bayanihan to Recover as One Act.*

Year	Original Amount	Expired Amount	Remaining Balance	Valid Until
2023	P 17,389,551	P -	P 17,389,551	2026
2022	9,319,501	-	9,319,501	2025
2021	28,708,937	-	28,708,937	2026
2020	11,885,277	-	11,885,277	2025
	P 67,303,266	**P -**	**P 67,303,266**	

PCMI, LBASSI, EECI, SPLI, SOHI, VVPI and 20th Century did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2023 for which the related deferred tax asset has not been recognized amounted to a total of P17.4 million with a total tax effect of P3.4 million.

In 2023, 2022 and 2021, the Group opted to claim itemized deductions in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, the Parent Company, related parties under common ownership, associate, key management personnel, and the Group's retirement plan as described on the succeeding pages.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Parent Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Group's significant transactions and outstanding balances with its related parties are as follows:

Related Party Category	Notes	Amount of Transactions 2023	2022	2021	Outstanding Balance 2023	2022
Ultimate Parent:						
Financial assets at FVOCI	8	**(P 69,812,000)**	P 11,260,000	P 135,120,000	**P1,270,128,000**	P1,339,940,000
Dividend income	8, 22.1	**16,890,000**	13,512,000	7,882,000	**16,890,000**	13,512,000
Parent:						
Right-of-use assets	11	**14,400,981**	-	-	**28,262,073**	-
Lease credits	17	**106,091,000**	-	-	**63,427,946**	-
Availment of advances	25.1, 25.4	**(344,877,241)**	(311,070,804)	(294,516,893)	**(5,354,893,778)**	(5,010,016,537)
Rendering of services	25.2	**37,121,681**	29,635,160	45,075,231	**665,483,335**	659,753,900
Obtaining of services	25.3	**1,244,880**	1,037,400	1,781,940	**-**	-
Associate –						
Availment of advances	25.1	**2,817,756**	2,211,467	1,459,030	**(378,861,199)**	(381,678,955)
Under common ownership:						
Granting of advances	25.1	**382,876,193**	336,882,017	319,041,705	**5,467,534,052**	5,084,657,859
Rendering of services	25.2	**114,489,030**	145,222,308	196,108,971	**44,119**	44,119
Repayment of advances - net	25.1	**45,000,000**	40,000,000	35,000,000	**(327,981,690)**	(372,981,690)
Key management personnel –						
Compensation	25.5	**84,889,579**	83,854,398	76,187,205	**-**	-

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from interest-bearing and noninterest-bearing advances, joint venture agreements, lease of property and cash advances to related party are unsecured, collectible, or payable on demand, and are generally settled in cash or through offsetting arrangements with the related parties (see Note 30.2).

There were no impairment losses recognized on the outstanding receivables from related parties in 2023, 2022 and 2021based on management's ECL assessment.

25.1 Advances to and from Related Parties

The Group grants to and obtains unsecured advances from its Parent company, associate and other related parties for working capital purposes.

The Advances to Related Parties account represents the outstanding balances arising from cash advances granted by the Group to certain related parties under common ownership. Some of the advances to related parties are interest-bearing with interest rates ranging from 12.00% to 15.00% both in 2023 and 2022. The interest income arising from these interest-bearing advances is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.1). The change in the Advances to Related Parties account are shown in the succeeding page.

	Note	2023	2022
Balance at beginning of year		**P 5,084,657,859**	P 4,747,775,842
Interest income	22.1	**341,017,636**	302,459,256
Additional advances		**41,858,557**	49,432,432
Collections		**-**	(15,000,000)
Offset against advances		**-**	(9,671)
Balance at end of year		**P 5,467,534,052**	P 5,084,657,859

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its Parent Company, associate, and certain related parties under common ownership. Some of the advances from related parties are interest-bearing with interest rates ranging from 7.00% to 12.00% both in 2023 and 2022. The details as of December 31 are as follow:

	2023	2022
Parent	**P 5,354,893,778**	P 5,010,016,537
Associate	**378,861,199**	381,678,955
Related parties under common ownership	**327,981,690**	372,981,690
	P 6,061,736,667	P 5,764,677,182

The movements in the Advances from Related Parties account is shown below.

	2023	2022
Parent:		
Balance at beginning of year	**P 5,010,016,537**	P 4,698,945,733
Accrued interests	**349,390,876**	316,098,291
Additions	**5,759**	-
Repayments	**(4,519,394)**	(5,027,487)
Balance at end of year	**P 5,354,893,778**	P 5,010,016,537
Associate:		
Balance at beginning of year	**P 381,678,955**	P 383,890,422
Repayments	**(2,817,756)**	(2,211,467)
Balance at end of year	**P 378,861,199**	P 381,678,955
Other related parties under common ownership:		
Balance at beginning of year	**P 372,981,690**	P 412,981,690
Repayments	**(65,941,736)**	(64,235,069)
Accrued interests	**20,941,736**	24,235,069
Balance at end of year	**P 327,981,690**	P 372,981,690

Cash advances from Parent company and other related parties under common ownership bear fixed interest rate ranging between 7% and 12% per annum in 2023, 2022 and 2021. Interest expense is presented as part of Finance Costs account in the consolidated statements of comprehensive income (see Note 22.2).

25.2 Rendering of Services

The summary of services offered by the Group is presented below.

	Amount of Transactions		
	2023	2022	2021
Management services	**P 80,287,703**	P 113,133,951	P 165,548,490
Commission income	**37,121,681**	29,635,160	45,075,231
Lease of property	**34,201,327**	32,088,357	30,560,481
	P 151,610,711	P 174,857,468	P 241,184,202

The Group handled the administrative functions of certain related parties under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recognized as part of Marketing and management fees under Other Income account in the consolidated statements of comprehensive income (see Note 21.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized is presented as Commission Income under Revenues and Income section in the consolidated statements of comprehensive income. The outstanding receivables related to these transactions are presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group leases certain investment property to a related party under common ownership in 2023, 2022, and 2021. The revenues earned from the lease are included as part of Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income (see Note 28.1). The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Obtaining of Services

The Group incurred management fees for accounting and marketing services obtained from its Parent Company amounting to P1.2 million, P1.0 million and P1.8 million in 2023, 2022, and 2021, respectively, and is presented as part of Professional Fees under Other Expenses in the consolidated statements of comprehensive income (see Note 21.2). There was no outstanding payable from this transaction as of December 31, 2023 and 2022.

25.4 Joint Development Agreement with Parent Company

The Group, together with Megaworld, executed a joint development agreement for the development of a mixed-use condominium project; whereby the Group shall contribute land and the Parent company shall develop and sell the property. The entities shall be entitled to a certain percentage of the total saleable area based on the agreed sharing. The land contributed to the joint venture is presented as part of the Real Estate Inventories under Property development cost in the consolidated statements of financial position (see Note 7). As of the end of the reporting period, the property is still being developed and there are no profits received yet from this agreement.

25.5 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

	2023	2022	2021
Short-term benefits	**P 64,860,294**	P 59,695,978	P 52,003,759
Post-employment benefits	**20,029,285**	24,158,420	24,183,446
	P 84,889,579	P 83,854,398	P 76,187,205

These are presented as part of Salaries and Employee Benefits account under Cost and Expenses section in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2022, and 2021 (see Note 23.1).

25.6 Retirement Plan

The Group has a formal retirement plan established separately for EELHI and EPHI. The Group's retirement fund for its post-employment defined benefit plan is administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2023 and 2022 are presented in Note 23.2. As of December 31, 2023 and 2022, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

26. EQUITY

26.1 Capital Stock

Capital stock as of December 31, 2023 and 2022 consists of:

	No. of Shares	Amount
Common shares – P1 par value		
Authorized	31,495,200,000	P31,495,200,000
Issued	14,803,455,238	P14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.73% ownership interest in the Group as of December 31, 2023 and 2022.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2023 and 2022.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2023, 2022, and 2021, there are 12,297, 12,336 and 12,360 shareholders of the listed shares, respectively. The shares were listed and closed at a price of P0.13, P0.19 and P0.25 per share as of December 29, 2023 and 2022 and December 31, 2021, respectively.

26.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts in 2023 and 2022.

26.3 Treasury Stock

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of December 31, 2023 and 2022, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Group.

26.4 Revaluation Reserves

Revaluation reserves of the Group are composed of re-measurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI (see Notes 8 and 23.2).

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	Financial Assets at FVOCI (see Note 8)	**Retirement Benefit Obligation** (see Note 23.2)	**Total**
Balance as of January 1, 2023	P 506,990,000	P 194,664,277	P 701,654,277
Remeasurement of retirement benefit obligation	-	(112,290,070)	(112,290,070)
Fair value losses on FVOCI	(69,812,000)	-	(69,812,000)
Other comprehensive loss before tax for the year	(69,812,000)	(112,290,070)	(182,102,070)
Tax income	-	28,072,519	28,072,519
Other comprehensive loss after tax for the year	(69,812,000)	(84,217,551)	(154,029,551)
Balance as of December 31, 2023	**P 437,178,000**	**P 110,446,726**	**P 547,624,726**
Balance as of January 1, 2022	P 495,730,000	P 154,745,278	P 650,475,278
Remeasurement of retirement benefit obligation	-	53,225,333	53,225,333
Fair value gains on FVOCI	11,260,000	-	11,260,000
Other comprehensive income before tax for the year	11,260,000	53,225,333	64,485,333
Tax expense	-	(13,306,334)	(13,306,334)
Other comprehensive income after tax for the year	11,260,000	39,918,999	51,178,999
Balance as of December 31, 2022	P 506,990,000	P 194,664,277	P 701,654,277
Balance as of January 1, 2021	P 360,610,000	P 114,550,800	P 475,160,800
Remeasurement of retirement benefit obligation	-	42,317,621	42,317,621
Fair value gains on FVOCI	135,120,000		135,120,000
Other comprehensive income before tax	135,120,000	42,317,621	177,437,621
Tax expense	-	(2,347,227)	(2,347,227)
Other comprehensive income after tax	135,120,000	39,970,394	175,090,394
Losses transferred to retained earnings	-	224,084	224,084
Balance as of December 31, 2021	P 495,730,000	P 154,745,278	P 650,475,278

26.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary (see Note 1.1).

26.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

27. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

	2023	2022	2021
Net profit attributable to parent Group's shareholders	**P 765,784,371**	P 720,214,688	P 805,765,516
Number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**P 0.052**	P 0.049	P 0.055

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2023, 2022 and 2021.

28. COMMITMENTS AND CONTINGENCIES

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

28.1 Operating Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and parking spaces.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Refundable deposits under Other Current Liabilities in the consolidated statements of financial position (see Note 18).

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. This consists of fixed lease payments with terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

		2023		2022		2021
Within one year	**P**	**87,091,504**	P	60,486,736	P	66,308,551
After one year but not more than two years		**66,419,329**		30,607,954		41,452,326
After two years but not more than three years		**57,583,883**		19,311,320		17,646,880
After three years but not more than four years		**48,775,972**		15,485,223		16,162,471
After four years but not more than five years		**22,599,392**		6,566,925		16,407,851
More than five years		**-**		1,004,708		7,881,318
	P	**282,470,080**	P	133,462,866	P	165,859,397

The total rentals from these operating leases amounted to about P107.5 million, P89.6 million, and P82.4 million in 2023, 2022, and 2021, respectively, which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Legal Claims

As of December 31, 2023, and 2022, the Group does not have any litigations within and outside the normal course of its business.

28.3 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P1,520 million and P3,020 million as of December 31, 2023 and 2022, respectively. The Group has unused lines of credit amounting to P520.0 million and P2,020 million as of December 31, 2023 and 2022, respectively.

28.4 Capital Commitments

As of December 31, 2023, and 2022, the Company has commitments amounting to P2.0 billion and P2.2 billion for the construction expenditures in relation to the Company's joint venture (see Note 9).

28.5 Others

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

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Group is exposed to are described below and on the succeeding pages.

29.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, and interest rate risk which results from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the consolidated financial statements as of December 31, 2023 and 2022 (see Note 22.1). The Group has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2023 and 2022, the Group has an outstanding long-term loan with a variable interest rate (see Note 14).

The Group's ratio of fixed to floating rate debt stood at 0.25:1.00 as of December 31, 2021. There is no fixed rate debt in 2023 and 2022.

The sensitivity of the consolidated net results and consolidated equity in 2021 to a reasonably possible change of 1.6% in floating rates is P16.2 million and P12.1 million, respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

At December 31, 2023 and 2022, the Group is exposed to other changes in market interest through its cash and cash equivalents and other fixed rate long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

(c) Other Price Risk

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

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility of 9.0% and 7.1% has been observed during 2023 and 2022, respectively. The impact on the Group's consolidated other comprehensive income and consolidated equity would have increased or decreased by P120.4 million and P94.7 million in 2023 and 2022, respectively.

The investments in quoted equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor. The Group is not subject to commodity price risk.

29.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	Notes	**2023**	2022
Cash and cash equivalents	5	**P 3,717,469,500**	P 3,437,787,004
Trade and other receivables - net (excluding advances to suppliers and contractors and advances to condominium associations)	6	**9,798,369,760**	7,969,771,442
Contract assets	19.2	**2,741,196,068**	2,583,113,379
Advances to related parties	25.1	**5,467,534,052**	5,084,657,859
		P 21,724,569,380	P 19,075,329,684

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables, as described below and on the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

Trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Group considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from real estate sales. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented in the below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2023				
Contract assets	P 2,741,196,068	P 11,392,051,862	P -	P 2,741,196,068
Contract receivables	7,702,542,915	20,562,776,892	-	7,702,542,915
	P 10,443,738,983	**P 31,954,828,754**	**P -**	**P 10,443,738,983**
2022				
Contract assets	P 2,583,113,379	P 14,261,081,200	P -	P 2,583,113,379
Contract receivables	5,984,020,386	20,269,299,296	-	5,984,020,386
	P 8,567,133,765	P 34,530,380,496	P -	P 8,567,133,765

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay [see Note 29.2(c)]. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

	2023	2022
Not more than three months	**P 190,494,813**	P 158,304,820
More than three months but not more than six months	**312,624,389**	263,658,359
More than six months but Not more than one year	**340,066,126**	294,647,279
More than one year	**124,782,369**	105,050,474
	P 967,967,697	P 821,660,932

(c) *Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties*

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of December 31, 2023 and 2022, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2023 and 2022.

	Neither Past Due nor Specifically Impaired			**Past Due but Not Impaired**	
	High Grade	**Standard Grade**	**Substandard Grade**		**Total**
2023					
Cash and cash equivalents	P 3,717,469,500	P -	P -	P -	P 3,717,469,500
Trade and other receivables	-	8,830,402,063	-	967,967,697	9,798,369,760
Contract assets	-	2,741,196,068	-	-	2,741,196,068
Advances to related parties	-	5,467,534,052	-	-	5,467,534,052
	P 3,717,469,500	**P 17,039,132,183**	**P -**	**P 967,967,697**	**P 21,724,569,380**
2022					
Cash and cash equivalents	P 3,437,787,004	P -	P -	P -	P 3,437,787,004
Trade and other receivables	-	7,148,110,510	-	821,660,932	7,969,771,442
Contract assets	-	2,583,113,379	-	-	2,583,113,379
Advances to related parties	-	5,084,657,859	-	-	5,084,657,859
	P 3,437,787,004	P 14,815,881,748	P -	P 821,660,932	P 19,075,329,684

The Group uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

29.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods are identified monthly.

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

As at December 31, 2023, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Year	More than Five Years	Total
Interest-bearing loans and borrowings	P 267,173,167	P 743,585,917	P -	P 1,010,759,084
Trade and other payables	2,425,556,526	-	-	2,425,556,526
Advances from related parties	6,061,736,667	-	-	6,061,736,667
Other current liabilities	1,030,693,440	-	-	1,030,693,440
	P9,785,159,800	**P 743,585,917**	**P -**	**P10,528,745,717**

As at December 31, 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Year	More than Five Years	Total
Interest-bearing loans and borrowings	P 216,098,550	P 924,963,600	P 50,332,350	P 1,191,394,500
Trade and other payables	1,901,752,517	-	-	1,901,752,517
Advances from related parties	5,764,677,182	-	-	5,764,677,182
Other current liabilities	880,176,450	-	-	880,176,450
	P8,762,704,699	P 924,963,600	P 50,332,350	P 9,738,000,649

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of each reporting period.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

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

	Notes	**2023** Carrying Amounts	**2023** Fair Values	2022 Carrying Amounts	2022 Fair Values
Financial assets					
Financial assets at amortized cost					
Cash and cash equivalents	5	**P 3,717,469,500**	**P 3,717,469,500**	P 3,437,787,004	P 3,437,787,004
Trade and other receivables - net	6	**9,798,369,760**	**9,971,246,943**	7,969,771,442	8,091,030,668
Contract assets	19.2	**2,741,196,068**	**2,741,196,068**	2,583,113,379	2,583,113,379
Advances to related parties	25.1	**5,467,534,052**	**5,467,534,052**	5,084,657,859	5,084,657,859
		21,724,569,380	**21,897,446,563**	19,075,329,684	19,196,588,910
Financial assets at FVOCI	8	**1,270,128,000**	**1,270,128,000**	1,339,940,000	1,339,940,000
		P 22,994,697,380	**P 23,167,574,563**	P 20,415,269,684	P 20,536,528,910
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	**P 850,000,000**	**P 850,000,000**	P 1,000,000,000	P 1,000,000,000
Trade and other payables	15	**2,425,556,526**	**2,425,556,526**	1,901,752,517	1,901,752,517
Advances from related parties	25.1	**6,061,736,667**	**6,061,736,667**	5,764,677,182	5,764,677,182
Other current liabilities	18	**1,030,693,440**	**1,030,693,440**	880,176,450	880,176,450
		P 10,367,986,633	**P 10,367,986,633**	P 9,546,606,149	P 9,546,606,149

Management considers that the fair values of the above enumerated financial assets and financial liabilities measured at amortized costs approximate their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		
	Financial assets	Financial liabilities set-off		Financial instruments	Collateral received	Net amount
December 31, 2023						
Advances to related parties	**P 5,467,534,052**	**P -**	**P 5,467,534,052**	**P -**	**P -**	**P 5,467,534,052**
December 31, 2022						
Advances to related parties	P 5,084,667,530	(P 9,671)	P 5,084,657,859	P -	P -	P 5,084,657,859

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		
	Financial liabilities	Financial assets set-off		Financial instruments	Collateral provided	Net amount
December 31, 2023						
Interest-bearing loans and borrowings	P 850,000,000	P -	P 850,000,000	(P 243,849,512)	P -	P 606,150,488
Advances from related parties	6,061,736,667	-	6,061,736,667	-	(42,945)	6,061,693,722
	P 6,911,736,667	**P -**	**P 6,911,736,667**	**(P 243,849,512)**	**(P 42,945)**	**P 6,667,844,210**
December 31, 2022						
Interest-bearing loans and borrowings	P 1,000,000,000	P -	P 1,000,000,000	(P 124,599,560)	P -	P 875,400,440
Advances from related parties	5,764,677,182	-	5,764,677,182	-	(60,402)	5,764,616,780
	P 6,764,677,182	P -	P 6,764,677,182	(P 124,599,560)	(P 60,402)	P 6,640,017,220

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

The Group has cash in a local bank to which it has an outstanding loan (see Note 14). In case of the Group's default on loan amortization, cash in bank amounting to P243.9 million and P124.6 million can be applied against its outstanding loans from the bank amounting to P850.0 million and P1,000 million as of December 31, 2023 and 2022, respectively.

31. FAIR VALUE MEASUREMENT AND DISCLOSURES

31.1 Fair Value Hierarchy

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

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

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and,

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

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

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

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

31.2 Financial Instruments Measured at Fair Value

As of December 31, 2023 and 2022, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period (see Note 8). There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2023 and 2022. There were no transfers between Levels 1 and 2 in both years.

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

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2023 and 2022 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

31.4 Fair Value Measurement of Non-Financial Assets

The table below shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31, 2023 and 2022.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Land	P -	P -	P 40,828,183	P 40,828,183
Buildings and office/commercial units	-	-	4,689,378,913	4,689,378,913
	P -	**P -**	**P 4,730,207,096**	**P 4,730,207,096**
December 31, 2022				
Land	P -	P -	P 40,828,183	P 40,828,183
Buildings and office/commercial units	-	-	4,198,115,016	4,198,115,016
	P -	P -	P 4,238,943,199	P 4,238,943,199

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are based on current market rentals for similar properties in the same location and condition.

As at December 31, 2023 and 2022, the fair values of the Group's investment properties are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

	2023	2022
Interest-bearing loans and borrowings	**P 850,000,000**	P 1,000,000,000
Total equity	**31,363,596,258**	30,759,685,237
Debt-to-equity ratio	**0.03 : 1.00**	0.03 : 1.00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14).

33. RECONCILATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (See Note 14)	**Advances from Related Parties** (See Note 25.1)	**Lease Liabilities** (See Note 17.1)	**Interest Payable** (See Note 15)	**Total**
Balance as at January 1, 2023	P 1,000,000,000	P 5,764,677,182	P -	P 10,948,000	P 6,775,625,182
Cash flows from financing activities –					
Repayment of loans and borrowings	(150,000,000)	(73,278,886)	-	(79,388,750)	(302,667,636)
Additional advances from related parties	-	5,759	-	-	5,759
Non-cash financing activities –					
Accrual of interest	-	370,332,612	-	80,380,417	450,713,029
Balance as of December 31, 2023	**P 850,000,000**	**P 6,061,736,667**	**P -**	**P 11,939,667**	**P 6,923,676,334**
Balance as at January 1, 2022	P 1,250,000,000	P 5,495,817,845	P -	P 5,565,312	P 6,751,383,157
Cash flows from financing activities –					
Repayment of loans and borrowings	(250,000,000)	(71,474,023)	-	(47,052,307)	(368,526,330)
Non-cash financing activities –					
Accrual of interest	-	340,333,360	-	52,434,995	392,768,355
Balance as of December 31, 2022	P 1,000,000,000	P 5,764,677,182	P -	P 10,948,000	P 6,775,625,182
Balance as at January 1, 2021	P 1,183,333,352	P 5,237,759,982	P 59,644,201	P 1,535,405	P 6,482,272,940
Cash flows from financing activities:					
Additional loans and borrowings	1,000,000,000	8,524,628	-	-	1,008,524,628
Repayment of loans and borrowings	(933,333,352)	(62,633,982)	-	(53,555,195)	(1,049,522,529)
Non-cash financing activities:					
Effect of derecognition of PFRS 16	-	-	(59,644,201)	-	(59,644,201)
Accrual of interest	-	312,167,217	-	57,585,102	369,752,319
Balance as of December 31, 2021	P 1,250,000,000	P 5,495,817,845	P -	P 5,565,312	P 6,751,383,157

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2023, on which we have rendered our report dated February 23, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
List of Supplementary Information
December 31, 2023

**Information therein are based on the separate financial statements of the Parent Company*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule A - Financial Assets
December 31, 2023

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet date*	*Income received and accrued*
Financial Asset at Fair Value Through OCI				
Alliance Global Group, Inc.	**112,600,000**	**P 1,270,128,000**	**P 1,270,128,000**	**P 16,890,000**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule B- Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023

Name and designation of debtor	Balance at Beginning of period	Additions/ Transfer 2023	Deductions: Amounts collected	Deductions: Amounts written off	Ending Balance: Current	Ending Balance: Not current	Balance at end of period
Advances to Officers and Employees:*							
Dizon, Don Tipper B.	P -	P 1,806,414	(P 933,156)	P -	P 873,258	P -	P 873,258
Edaño, Dennis E.	450,420	-	(165,968)	-	284,452	-	284,452
Jacobe, Elmer Y.	102,015	-	(95,950)	-	6,065	-	6,065
Llaga, Jhoanna Lyndelou T.	-	1,542,551	-	-	1,542,551	-	1,542,551
Lopez, Mark Lawrence D.	64,244	-	(64,244)	-	-	-	-
Libago, Ricky S.	208,534	-	(208,534)	-	-	-	-
Manansala, Kim Camille B.	-	648,000	(131,461)	-	516,539	-	516,539
Ramos, Franemil T.	292,915	-	(161,690)	-	131,225	-	131,225
Romero, Gemma O.	90,467	-	(90,467)	-	-	-	-
Sawali, Fernando D.	-	1,350,000	(451,982)	-	898,018	-	898,018
Sioson-Bumatay, Celeste Z.	774,659	-	(166,426)	-	608,233	-	608,233
Sison, Maylene N.	-	491,699	(122,631)	-	369,068	-	369,068
Tuason, Cosca Camille M.	-	491,699	(122,631)	-	369,068	-	369,068
	P 1,983,254	**P 6,330,363**	**(2,715,140)**	**P -**	**P 5,598,477**	**P -**	**P 5,598,477**

**The amount in the schedule forms part of the Trade and other receivables - net in the statements of financial position.*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2023

Name and Designation of debtor		Balance of beginning period		Balance at the end of period
Eastwood Properties Holdings, Inc.	P	864,942,444	**P**	**864,942,444**
Empire East Communities Inc.		233,274,357		**233,489,177**
Valle Verde Properties, Inc.		64,630,996		**64,990,852**
Sonoma Premier Land Inc.		22,665,675		**23,042,671**
Sherman Oak Holdings Inc.		20,654,394		**20,986,322**
Laguna Bel-Air Science School Inc		1,284,950		**1,990,280**
20th Century Properties, Inc.		1,523,046		**1,803,192**
TOTAL	P	1,208,975,862	**P**	**1,211,244,938**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule D - Long-Term Debt
December 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Position
Unsecured floating-interest Loan	P 1,520,000,000	P 200,000,000	P 650,000,000

Unsecured floating-interest Loan are payable up to 2028 and bears floating interest rates subject to quarterly repricing

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule E - Indebtedness to Related Parties (Other than Affiliates)

December 31, 2023

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Megaworld Corporation	P 5,010,016,537	**P 5,354,893,778**
Gilmore Property Marketing Associatior	381,678,955	**378,861,199**
McKester Piknik International Ltd.	319,000,000	**274,000,000**
Others	53,981,690	**53,981,690**
	P 5,764,677,182	**P 6,061,736,667**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule G - Capital Stock
December 31, 2023

				Number of Shares Held by		
Title of Issue	**Number of Shares Authorized**	**Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption**	**Number of Shares Reserved for Options, Warrants, Conversion and Other Rights**	**Related Parties**	**Directors, Officers and Employees**	**Others**
Preferred shares	**2,000,000,000**	**-**	**-**	**-**	**-**	**-**
Common shares	**31,495,200,000**	**14,676,199,167**	**-**	**11,994,426,438**	**24,324,913**	**2,657,447,816**

** Number of shares issued and outstanding net of 127,256,071 Treasury Shares.*

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
2nd Floor Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2023

Unappropriated Retained Earnings Available for Dividends Declaration at Beninning of Year	P	7,928,983,146
Net Income for the Current Year		819,897,726
Other Items		
Net movement of deferred tax asset	(	13,983,010)
Net movement of deferred tax asset and deferred tax liabilities related to same transaction *		7,065,519
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**8,741,963,381**

**Related to right-of-use assets*

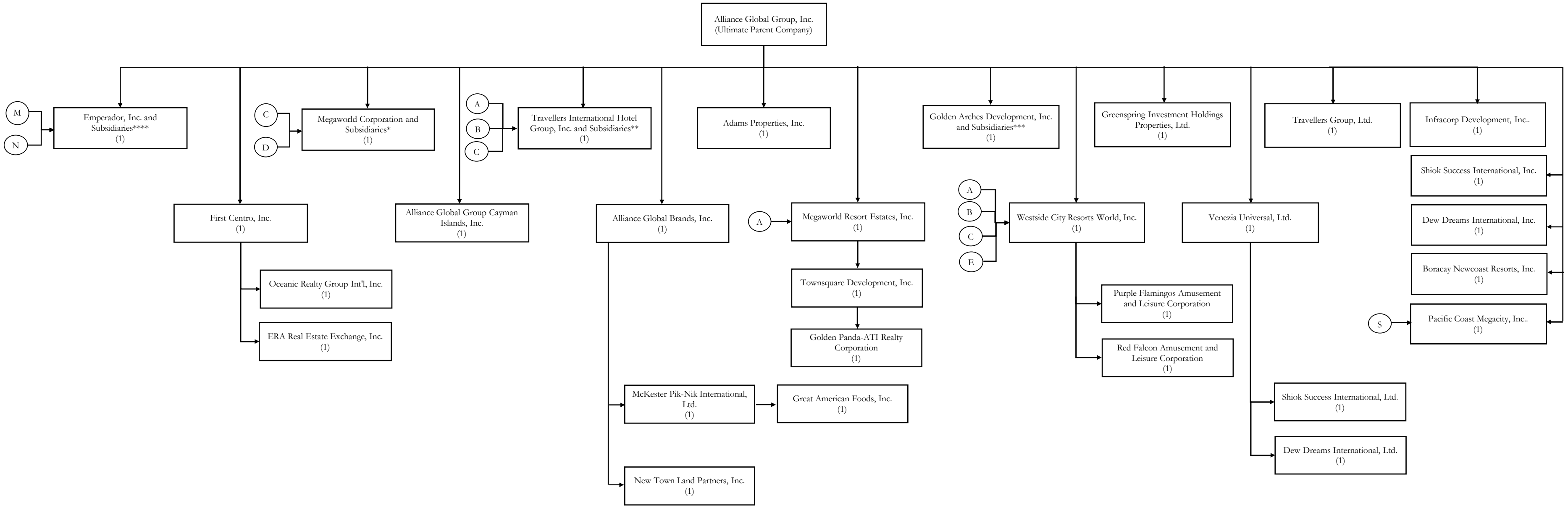
EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Summary of Application of SRO Proceeds
December 31, 2023

	BASED ON IPO PROSPECTUS	BASED ON ACTUAL
SRO Proceeds	**P 2,695,239,834**	**P 2,695,239,834**
Less: SRO related expenses	**5,239,834**	**5,239,834**
Net proceeds	**2,690,000,000**	**2,690,000,000**
Less: Disbursements		
Construction Site Development	**1,800,000,000**	**1,885,000,000**
Pioneer Woodlands	800,000,000	350,000,000
San Lorenzo Place	700,000,000	532,081,376
The Rochester	300,000,000	275,267,709
Kasara Urban Resort Residences	-	140,479,357
The Sonoma	-	70,000,000
Little Baguio Terraces	-	314,520,643
South Science Park	-	202,650,915
Landbanking	**890,000,000**	**805,000,000**
Total Disbursements	**2,690,000,000**	**2,690,000,000**
Remaining Balance of Proceeds, as at December 31, 2023		**P -**

Supplementary information on the Summary of Application of SRO Proceeds –

The proceeds were subsequently reallocated and transferred to fund the urgent construction of other projects that have exceeded their respective allocations.

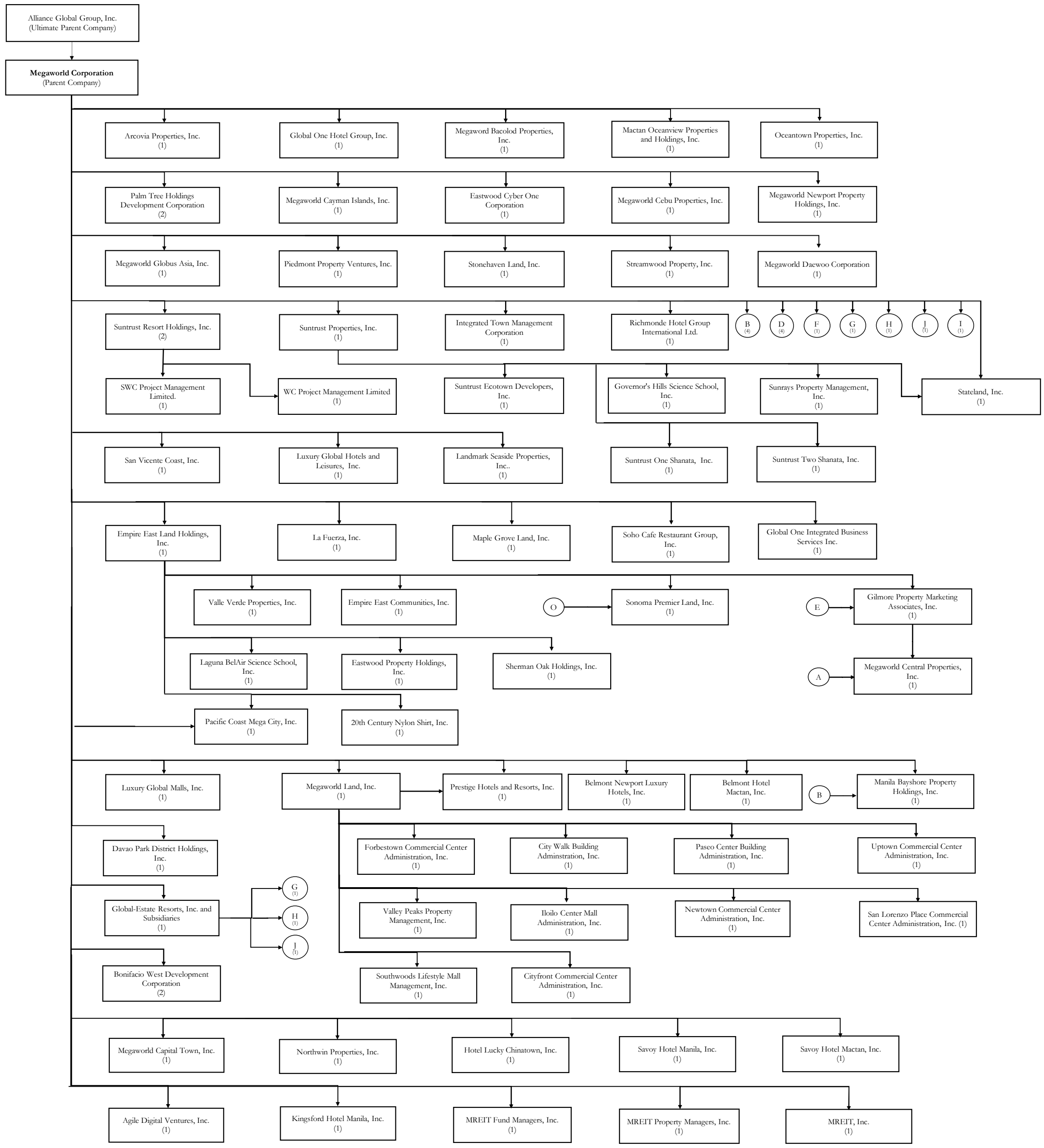
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2023



Legend

(1)	Subsidiary	A	Megaworld Corporation	F	Manila Bayshore Property Holdings, Inc.	K	Megaworld Global Estates, Inc.	P	Sonoma Premier Land, Inc.
(2)	Associate	B	Adams Properties, Inc.	G	Westside City Resorts World, Inc.	L	Megaworld Central Properties, Inc.	Q	Gilmore Property Marketing Associates, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.	H	Townsquare Development, Inc.	M	Shiok Success International, Ltd	R	Emperador Inc.
		D	Newtown Land Partners, Inc.	I	Megaworld Resort Estates, Inc.	N	Dew Dreams International, Ltd.	S	Empire East Land Holdings, Inc.
		E	Travellers International Hotel Group, Inc.	J	Twin Lakes Corporation	O	Southwoods Mall, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2023



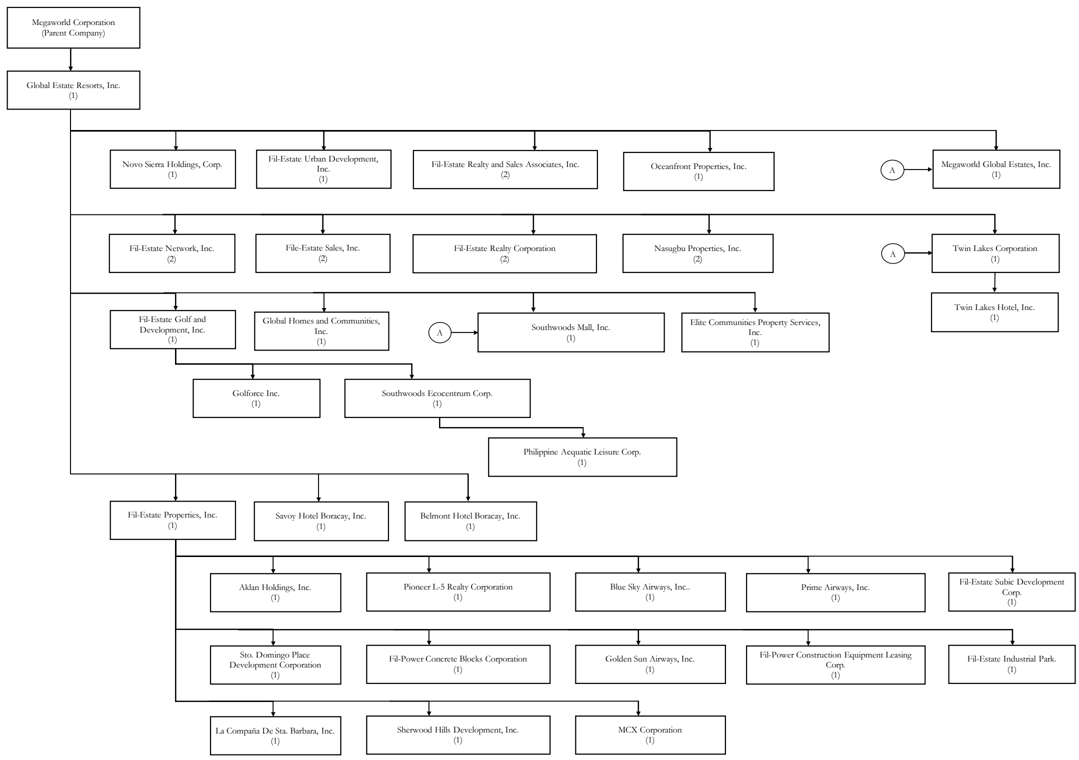
Legend

Relationship with Megaworld Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	E	Townsquare Development, Inc.	I	Megaworld Central Properties, Inc.	M	Empire East Land Holdings, Inc.
B	Travellers International Hotel Group, I	F	Megaworld Resort Estates, Inc.	J	Southwoods Mall, Inc.	N	Suntrust Resort Holdings, Inc.
C	Manila Bayshore Property Holdings, In	G	Twin Lakes Corporation	K	Sonoma Premier Land, Inc.	O	First Centro, Inc.
D	Westside City Resorts World, Inc.	H	Megaworld Global Estates, Inc.	L	Gilmore Property Marketing Associates, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2023

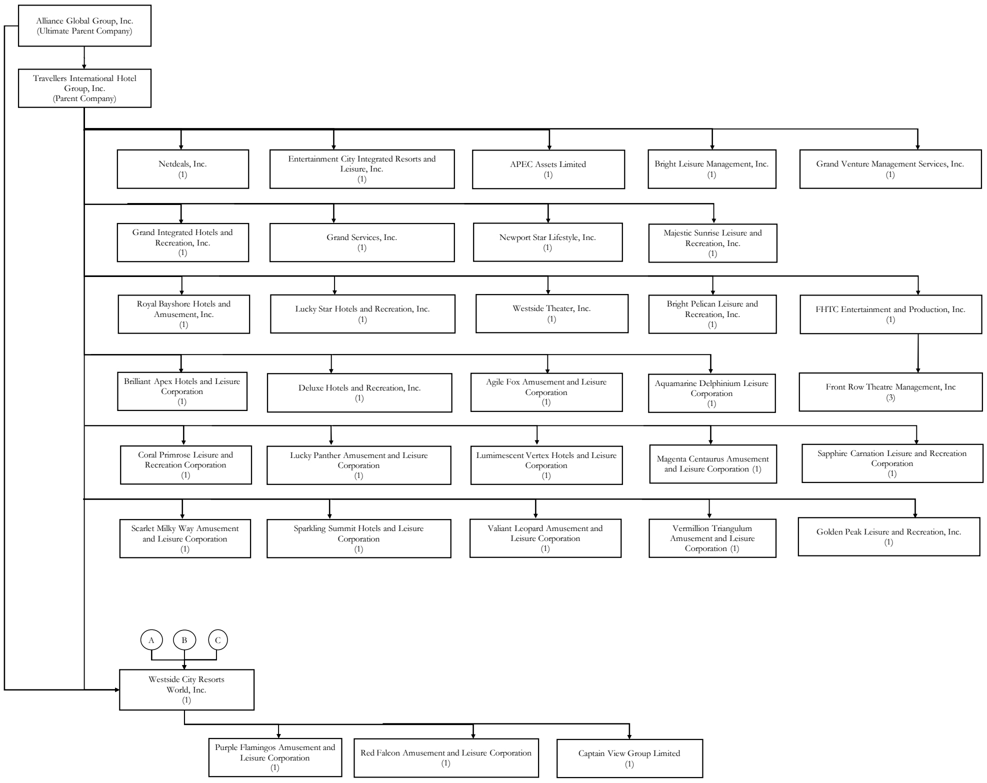


Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

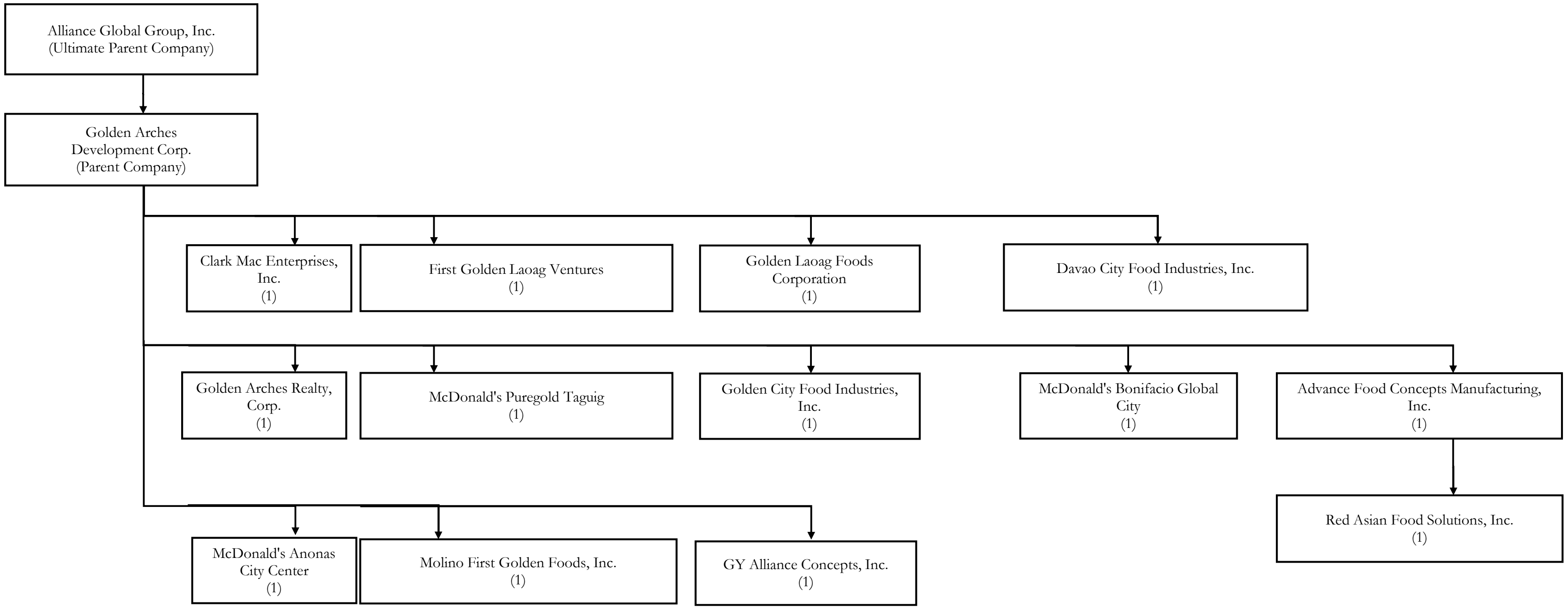
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2023



Legend
Relationship with Travellers International Hotel Group, Inc.
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2023



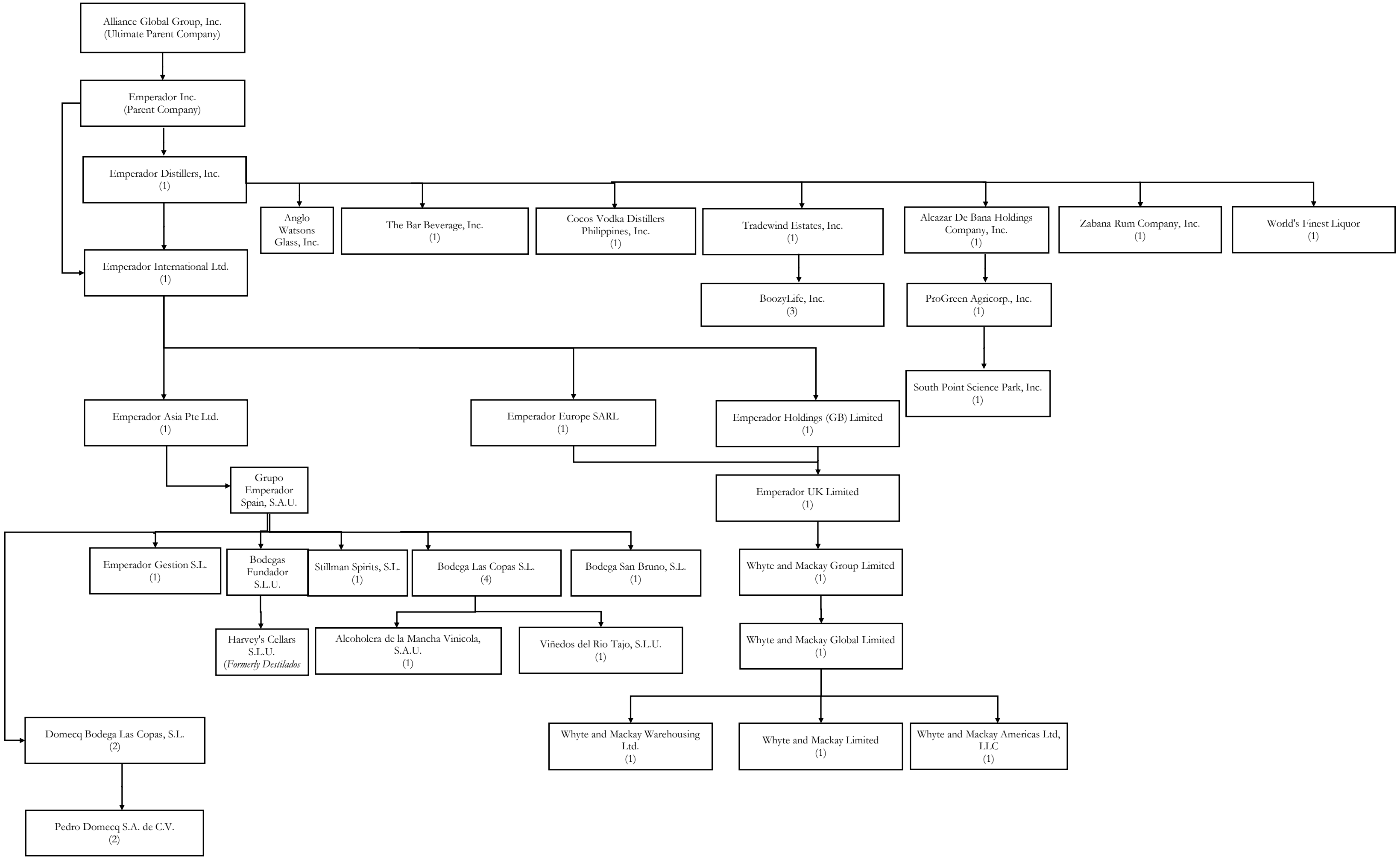
Legend

Relationship with Golden Arches Development Corporation

(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2023
December 31, 2023



Legend

	Relationship with Emperador Inc.
(1)	Subsidiary (100%)
(2)	Subsidiary (50%)
(3)	Subsidiary (51%)
(4)	Jointly Controlled Entity

P&A Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the years ended December 31, 2023 and 2022, on which we have rendered our report dated February 23, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023 and 2022

Ratio	Formula		2023	Formula		2022
Current ratio	Total Current Assets divided by Total Current Liabilities		2.87	Total Current Assets divided by Total Current Liabilities		3.11
	Total Current Assets	P 43,300,088,527		Total Current Assets	P 42,058,117,920	
	Divided by: Total Current Liabilities	15,099,844,128		Divided by: Total Current Liabilities	13,511,828,029	
		2.87			3.11	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		1.06	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		1.10
	Total Current Assets	P 43,300,088,527		Total Current Assets	P 42,058,117,920	
	Less:			Less:		
	Inventories	20,625,100,501		Inventories	21,105,557,021	
	Other Current Assets	6,725,880,351		Other Current Assets	6,029,091,297	
	Quick Assets	15,949,107,675		Quick Assets	14,923,469,602	
	Divided by: Total Current Liabilities	15,099,844,128		Divided by: Total Current Liabilities	13,511,828,029	
		1.06			1.10	
Solvency ratio	Total Assets divided by Total Liabilities		2.73	Total Assets divided by Total Liabilities		2.86
	Total Assets	P 49,499,134,295		Total Assets	P 47,280,332,719	
	Divided by: Total Liabilities	18,135,538,037		Divided by: Total Liabilities	16,520,647,482	
		2.73			2.86	
Debt-to-equity ratio	Total Liabilities divided by Total Equity		0.58	Total Liabilities divided by Total Equity		0.54
	Total Liabilities	P 18,135,538,037		Total Liabilities	P 16,520,647,482	
	Divided by: Total Equity	31,363,596,258		Divided by: Total Equity	30,759,685,237	
		0.58			0.54	
Assets-to-equity ratio	Total Assets divided by Total Equity		1.58	Total Assets divided by Total Equity		1.54
	Total Assets	P 49,499,134,295		Total Assets	P 47,280,332,719	
	Divided by: Total Equity	31,363,596,258		Divided by: Total Equity	30,759,685,237	
		1.58			1.54	
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense		3.52	Earnings before interest and taxes (EBIT) divided by Interest expense		3.44
	EBIT:			EBIT:		
	Net Profit	P 757,940,572		Net Profit	P 715,376,123	
	Tax expense	219,999,156		Tax Income	241,204,860	
	Finance Cost	387,692,977		Finance Cost	392,811,657	
		1,365,632,705			1,349,392,640	
	Divided by: Interest expense	387,692,977		Divided by: Interest expense	392,811,657	
		3.52			3.44	
Return on equity	Net Profit divided by Average Total Equity		0.02	Net Profit divided by Average Total Equity		0.02
	Net Profit	P 757,940,572		Net Profit	P 715,376,123	
	Divided by: Average Total Equity	31,061,640,748		Divided by: Average Total Equity	30,376,407,676	
		0.02			0.02	
Return on assets	Net Profit divided by Average Total Assets		0.02	Net Profit divided by Average Total Assets		0.02
	Net Profit	P 757,940,572		Net Profit	P 715,376,123	
	Dividen by: Average Total Assets	48,389,733,507		Dividen by: Average Total Assets	46,742,693,352	
		0.02			0.02	
Net profit margin	Net Profit divided by Total Revenue		0.15	Net Profit divided by Total Revenue		0.15
	Net Profit	P 757,940,572		Net Profit	P 715,376,123	
	Divided by: Total Revenue	5,203,131,447		Divided by: Total Revenue	4,707,066,845	
		0.15			0.15	

Exhibit 1-A

Audited Financial Statements of Empire East Land Holdings, Inc. as of December 31, 2023 and 2022

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2023 and 2022** 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 to do so.

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

LINO P. VICTORIOSO JR.
Chief Financial Officer

Signed this 23rd day of February, 2024.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 05 2024
BY: ERWIN PACINIO
DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

Empire East Land Holdings, Inc.
2nd Floor Tower 2, Kasara Urban Resort Residences, P.E. Antonio St.
Barangay Ugong, Pasig City 1604 Metro Manila, Philippines
Tel. 8867-8351/8554-4800

SUBSCRIBED AND SWORN to me before this 29 FEB 2024 of 2024 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Lino P. Victorioso Jr.	926-681-972

QUEZON CITY

ATTY. RUBEN [illegible] AZAÑES, JR.
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-[illegible] (2024)
IBP O.R. No. 384112 - Jan. 1, 2024 / Q.C. / Roll No. 46427
PTR No. 6555119 - Jan. 2, 2024 / Q.C. / TIN: 140-394-836-000
MCLE Compliance No. VII-0018605 valid until 04-15-2025
Address: Bagong Lipunan ng Crame, Q.C.

Doc. No. 146
Page No. 30
Book No. XI
Series of 2024

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 05 2024
BY: ERWIN PACINIO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Empire East Land Holdings, Inc.

December 31, 2023, 2022 and 2021

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Empire East Land Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023 and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the 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.

Emphasis of Matter

Also, we draw attention to Note 2 to the financial statements, which indicates that the financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the financial statements are disclosed in Note 2 to the financial statements.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC, 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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 financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 33 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the 2023 audit resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 3,709,338,325**	P 3,414,745,641
Trade and other receivables	6	**8,519,221,502**	7,795,053,756
Contract assets	18	**2,534,011,730**	2,565,004,858
Advances to related parties - net	24	**5,688,189,234**	5,303,721,951
Real estate inventories	7	**16,744,987,330**	17,225,443,850
Prepayments and other current assets		**1,192,873,064**	881,852,082
Total Current Assets		**38,388,621,185**	37,185,822,138
NON-CURRENT ASSETS			
Trade and other receivables	6	**3,411,569,342**	2,472,501,559
Contract assets	18	**207,184,338**	18,108,521
Advances to landowners and joint ventures	8	**242,894,346**	241,655,890
Investments in subsidiaries and an associate	9	**4,171,212,032**	4,171,212,032
Property and equipment - net	10	**44,581,323**	12,679,160
Intangible assets - net	11	**33,283,184**	39,495,478
Investment properties - net	12	**587,082,411**	615,100,960
Other non-current assets		**3,221,212**	3,221,212
Total Non-current Assets		**8,701,028,188**	7,573,974,812
TOTAL ASSETS		**P 47,089,649,373**	P 44,759,796,950

	Notes	2023	2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	P 200,000,000	P 150,000,000
Trade and other payables	14	2,395,315,556	1,852,841,844
Contract liabilities	18	96,357,478	206,007,855
Advances from related parties	24	6,515,240,711	6,232,956,930
Customers' deposits	16	5,140,775,975	4,485,704,498
Other current liabilities	17	1,042,175,900	891,658,911
Total Current Liabilities		15,389,865,620	13,819,170,038
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	650,000,000	850,000,000
Contract liabilities	18	160,409,459	102,847,590
Stock subscriptions payable	9	95,662,500	95,662,500
Deferred tax liabilities - net	23	2,077,779,047	1,991,479,920
Retirement benefit obligation - net	22	92,528,372	19,308,818
Other non-current liabilities		511,648,598	511,648,598
Total Non-current Liabilities		3,588,027,976	3,570,947,426
Total Liabilities		18,977,893,596	17,390,117,464
EQUITY			
Capital stock	25	14,803,455,238	14,803,455,238
Additional paid-in capital	25	4,307,887,996	4,307,887,996
Treasury stocks – at cost	25	(102,106,658)	(102,106,658)
Revaluation reserves	22	110,942,778	188,764,213
Retained earnings	25	8,991,576,423	8,171,678,697
Total Equity		28,111,755,777	27,369,679,486
TOTAL LIABILITIES AND EQUITY		P 47,089,649,373	P 44,759,796,950

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES AND INCOME				
Real estate sales	18	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512
Finance income	21	571,212,268	477,962,564	401,745,721
Rental income	12, 27	107,466,532	89,620,201	82,369,787
Other income	20	409,693,152	181,457,738	193,064,788
		5,085,910,221	4,549,006,143	4,299,987,808
COSTS AND EXPENSES				
Cost of real estate sales	19	2,497,388,384	2,228,021,015	2,228,701,691
Salaries and employee benefits	22	390,805,298	351,579,289	340,332,777
Finance costs	21	387,692,977	395,922,830	364,727,773
Commissions	18	211,295,414	218,423,309	213,693,757
Association dues		140,248,089	70,635,297	61,145,228
Travel and transportation		77,538,737	64,211,421	40,363,576
Taxes and licenses		76,065,550	57,612,869	130,350,912
Advertising and promotion		67,838,818	111,943,298	186,667,409
Depreciation and amortization	10, 11, 12	57,005,892	42,570,697	62,263,717
Rentals	15	12,948,560	13,447,199	10,987,214
Other expenses	20	132,440,310	103,092,785	150,213,122
Tax expense (income)	23	214,744,466	226,165,417	(205,873,447)
		4,266,012,495	3,883,625,426	3,583,573,729
NET PROFIT		819,897,726	665,380,717	716,414,079
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently through profit or loss:				
Remeasurements of retirement benefit obligation	22	(103,761,915)	36,772,794	25,567,419
Tax income (expense)	23	25,940,480	(9,193,199)	3,107,123
		(77,821,435)	27,579,595	28,674,542
TOTAL COMPREHENSIVE INCOME		P 742,076,291	P 692,960,312	P 745,088,621
EARNINGS PER SHARE – Basic and Diluted	26	P 0.056	P 0.045	P 0.049

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 05 2024
BY: ERWIN PACINIO
DOCUMENT PROCESSING AND QUALITY ASSURANCE

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (see Note 25)	Additional Paid-in Capital (see Note 25)	Treasury Stocks (see Note 25)	Revaluation Reserves (see Note 22)	Retained Earnings (see Note 25)	Total
Balance at January 1, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 188,764,213	P 8,171,678,697	P 27,369,679,486
Total comprehensive income (loss) for the year	-	-	-	(77,821,435)	819,897,726	742,076,291
Balance at December 31, 2023	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 110,942,778**	**P 8,991,576,423**	**P 28,111,755,777**
Balance at January 1, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 161,184,618	P 7,506,297,980	P 26,676,719,174
Total comprehensive income for the year	-	-	-	27,579,595	665,380,717	692,960,312
Balance at December 31, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 188,764,213	P 8,171,678,697	P 27,369,679,486
Balance at January 1, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 132,510,076	P 6,789,883,901	P 25,931,630,553
Total comprehensive income for the year	-	-	-	28,674,542	716,414,079	745,088,621
Balance at December 31, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 161,184,618	P 7,506,297,980	P 26,676,719,174

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,034,642,192	P 891,546,134	P 510,540,632
Adjustments for:				
Finance income	21	(571,212,268)	(477,962,564)	(401,745,721)
Finance costs	21	387,692,977	395,922,830	364,727,773
Gain on lease credits	15	(106,091,000)	-	-
Depreciation and amortization	10, 11, 12	57,005,892	42,570,697	62,263,717
Gain on sale of property and equipment	10	-	(133,929)	-
Loss on retirement of property and equipment	10	-	-	47,388,165
Gain on lease modification	15	-	-	(4,119,620)
Operating profit before working capital changes		802,037,793	851,943,168	579,054,946
Increase in trade and other receivables		(1,519,547,027)	(458,797,549)	(928,463,954)
Decrease (increase) in contract assets		(158,082,689)	(530,165,133)	335,827,434
Decrease in real estate inventories		543,476,571	605,876,885	1,722,349,155
Increase in prepayments and other current assets		(247,593,036)	(165,439,401)	(107,745,067)
Increase in advances to landowners and joint ventures		(1,238,456)	(4,236,502)	(10,990,858)
Increase in trade and other payables		541,482,045	178,191,729	595,903,645
Increase (decrease) in contract liabilities		(52,088,508)	28,285,405	62,901,603
Increase (decrease) in customers' deposits		655,071,477	25,075,724	(686,323,234)
Increase (decrease) in other current liabilities		150,516,989	23,130,264	(52,368,490)
Decrease in retirement benefit obligation		(30,505,127)	(26,679,496)	(24,597,067)
Cash generated from operations		683,530,032	527,185,094	1,485,548,113
Cash paid for income taxes		(102,504,859)	(127,231,789)	(138,788,080)
Interest received from receivables		5,126,863	25,190,501	20,431,317
Net Cash From Operating Activities		586,152,036	425,143,806	1,367,191,350
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from cash and cash equivalents	21	80,927,956	30,730,789	12,137,751
Cash advances granted to related parties	24	(43,203,588)	(53,077,106)	(53,084,175)
Acquisitions of property and equipment	10	(12,246,836)	(1,001,188)	(6,496,882)
Collections of advances to related parties	24	400,696	16,524,721	1,633,177
Acquisitions of intangible assets	11	-	(7,405,722)	-
Proceeds from sale of property and equipment	10	-	133,929	-
Net Cash From (Used in) Investing Activities		25,878,228	(14,094,577)	(45,810,129)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans and borrowings	13, 32	(150,000,000)	(250,000,000)	(933,333,352)
Repayments of advances from related parties	24, 32	(88,054,590)	(66,454,427)	(72,383,114)
Interest paid	32	(79,388,749)	(47,052,307)	(53,531,817)
Proceeds from additional advances from related parties	24, 32	5,759	1,628,092	4,584,909
Proceeds from interest-bearing loans and borrowings	13, 32	-	-	1,000,000,000
Net Cash Used in Financing Activities		(317,437,580)	(361,878,642)	(54,663,374)
NET INCREASE IN CASH AND CASH EQUIVALENTS		294,592,684	49,170,587	1,266,717,847
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,414,745,641	3,365,575,054	2,098,857,207
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,709,338,325	P 3,414,745,641	P 3,365,575,054

Supplemental Information on Non-cash Investing Activitivies –

In 2023, additional right-of-use assets amounting to P42.7 million was recognized (see Note 10). No lease liabilities were recognized since the Company has been granted with lease credits amounting to P106.1 million, which was presented as part of Other Income in the 2023 statement of comprehensive income (see Notes 20.1 and 24). The outstanding balance of lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 statement of financial position.

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Empire East Land Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 1994. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties and holds ownership interests in certain subsidiaries and an associate that are all incorporated in the Philippines and are engaged in businesses related to the main business of the Company (see Note 9).

The Company is a subsidiary of Megaworld Corporation (Megaworld or the Parent Company). The Parent Company is engaged in the development of large scale mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities, such as project design, construction, and property management. Alliance Global Group, Inc. (AGI) is the Company's Ultimate Parent Company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming, and quick service restaurant businesses.

The shares of stock of the Company, Megaworld and AGI are listed at the Philippine Stock Exchange.

The Company's registered office and principal place of business is located at 2nd Floor of Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City 1604, Metro Manila.

Megaworld's registered office address is located at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered offices are also their respective principal places of business.

1.2 Approval of the Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2023 (including the comparative financial statements as of and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company's Board of Directors (BOD) on February 23, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and on the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Company are disclosed in detail below and on the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income, expense, and other comprehensive income or loss. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Company

The Company has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circular (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PICQ&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

MC No. 08-2021, *Amendment to SEC MC No. 14-2018*, *MC No. 03-2019*, *MC No. 04-2020*, and *MC No. 34-2020* to *Clarify Transitory Provision*, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

Discussed on the succeeding pages are the financial reporting reliefs availed of by the Company, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Company opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Company elected not to defer the IFRIC Agenda Decision, it would have the following impact in the financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower

(ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Company does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Company elected not to defer this provision of the standard, it would have an impact in the financial statements as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Company would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. Should the Company elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the opening retained earnings in the year of adoption.

(c) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

The Company changed its presentation of the cashflows resulting from Advances to Related Parties previously presented under the Cash Flows from Operating Activities section, to the Cashflows from Investing Activities section in the statements of cashflows. This did not have any impact on the Company's statements of financial position, statements of comprehensive income, and statements of changes in equity.

(d) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the functional and presentation currency of the Company, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies.* The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) Effective in 2023 that is not Relevant to the Company

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Separate Financial Statements and Investments in Subsidiaries and an Associate and Interests in Jointly Controlled Operations

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements which comprise the financial statements of the Company and its subsidiaries.

The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls.

Associates are those entities over which the Company can exert significant influence, but which are neither subsidiaries nor interests in a joint venture.

The Company's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss.

For interests in jointly controlled operations, the Company recognizes in its financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The related amounts are presented as part of the regular asset and liability accounts and income and expenses account of the Company. No adjustment or other consolidation procedures are required for the assets, liabilities, income, and expenses of the joint venture that are recognized in the separate financial statements of the joint operators.

2.4 Financial Instruments

(a) *Financial Assets*

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Company's financial assets include only financial assets at amortized cost.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Company applies a general approach specifically, in relation to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Stock Subscription Payable and Other Current Liabilities (excluding Miscellaneous). Refund liability is measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15.

2.5 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the statement of comprehensive income.

2.6 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment losses.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below.

Transportation equipment	5 years
Office and other equipment	3 to 5 years
Office furniture and fixtures	3 years

Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

2.7 Intangible Asset

Intangible asset pertains to acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible asset is amortized on a straight-line basis over the estimated useful life (10 years) as the life of this intangible asset is considered finite.

2.8 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of building and office and commercial units held for lease and a parcel of land held for capital appreciation, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value. Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities, and rendering of services.

The Company develops real properties such as house and lot and condominium units. The Company often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Company’s performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The following specific recognition criteria must also be met before revenue is recognized.

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Company measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under the Revenues and Income section of the statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at a point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under the Revenues and Income section of the statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Company.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

Incremental costs of obtaining a contract to sell real property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis, except capitalized borrowing costs.

The costs of real estate sales include the acquisition cost of the land and development costs incurred for the project (see Note 2.5).

Contract assets pertain to rights to consideration in exchange for goods or services that the Company has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets.

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position.

If the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of sale, payments received from buyers are presented under the Customers' Deposits in the liabilities section of the statement of financial position.

2.10 Direct Contract Costs

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Company's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets account in the statement of financial position. Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the statement of comprehensive income.

2.11 Leases

The Company accounts for its leases as follows:

(a) *Company as Lessee*

Subsequent to initial recognition, the Company amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is 3 to 5 years.

The Company has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) *Company as Lessor*

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.12 Impairment of Non-financial Assets

The Company's Investment in Subsidiaries and in an Associate, Property and Equipment, Intangible Asset, Investment Properties and other non-financial assets are tested for impairment. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.13 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by trustees.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.14 Earnings Per Share

The Company does not have potential dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is exercised or not exercised, or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Company exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Company considers the factors enumerated below.

- any asset created or enhanced as the Company performs;
- the ability of the customer to control such asset as it is being created or enhanced;

- the timing of receipt and consumption of benefits by the customer; and,
- the Company's enforceable right for payment for performance completed to date.

The Company determined that its performance obligation is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) Marketing and Management fees

The Company determines that its revenue from marketing and management fees shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date, i.e., generally when the customer has acknowledged the Company's right to invoice.

(c) Estimation of Collection Threshold for Revenue Recognition

The Company uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Company determines that collection of total contract price is reasonably assured.

(d) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Company uses a provision matrix to calculate ECL for trade receivables, contract assets, and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrixto consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to advances to related parties and other related party receivables, the Company uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Company's trade and other receivables, contract assets and advances to related parties are disclosed in Note 28.2.

(e) Distinction Among Investment Property and Owner-managed Properties

The Company determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(f) Distinction Between Real Estate Inventories and Investment Property

Residential and condominium units for sale, included under real estate inventories, comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers management's use over these assets in making its judgment.

(g) Distinction Between Operating and Finance Leases

The Company has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's assessment, all of the Company's current lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(b) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligations Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Company measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Company estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 28.2.

(d) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation and uncertainty and may cause significant adjustments to the Company's inventories within the next reporting period.

Considering the Company's pricing policy, the net realizable values of real estate inventories are higher than their related carrying values as of the end of the reporting periods.

(e) Estimation of Useful Lives of Property and Equipment, Intangible Asset and Investment Properties

The Company estimates the useful lives of property and equipment, investment properties, and intangible asset based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are 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 assets.

The carrying amounts of property and equipment, intangible asset, and investment properties, are analysed in Notes 10, 11 and 12, respectively. Based on management's assessment as at December 31, 2023 and 2022, there is no change in the estimated useful lives of property and equipment, intangible asset, and investment properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) Fair Value Measurement of Investment Properties

Investment property is measured using the cost model. The Company determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Company uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Company determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors, such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 12 and 30.3.

(g) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at December 31, 2023 and 2022 will be fully utilized within the prescribed period of availment. The carrying value of deferred tax assets as of those dates is disclosed in Note 23.

(h) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on advances to landowners and joint ventures, investments in subsidiaries and an associate, property and equipment, intangible asset, investment properties and other non-financial assets for the years ended December 31, 2023, 2022, and 2021 (see Notes 8, 9, 10, 11 and 12).

(i) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increases. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 22.2.

4. SEGMENT REPORTING

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

The Company's operating businesses are organized and managed separately according to the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages and subdivision lots. Both are intended for middle income market.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, contract assets and real estate inventories. Excluded from segment assets are cash and cash equivalents, advances to related parties, prepayments, advances to landowners and joint venturers, investments in subsidiaries and an associate, property and equipment, intangible asset, investment properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of contract liabilities and customer deposits. Excluded from segment liabilities are interest bearing loans and borrowings, trade and other payables, advances from related parties, stock subscriptions payable, deferred tax liabilities and retirement benefit obligation as the Company's management determined that these accounts are not directly related to the Company's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of intersegment sales and transfers, the Company generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the financial statements.

4.4 Analysis of Segment Information

Segment information can be analysed on the succeeding pages for the years ended December 31, 2023, 2022, and 2021.

	High Rise Projects 2023	High Rise Projects 2022	High Rise Projects 2021	Horizontal Projects 2023	Horizontal Projects 2022	Horizontal Projects 2021	Total 2023	Total 2022	Total 2021
REVENUES									
Real estate sales	**P 3,651,882,437**	P 3,566,584,650	P 3,383,909,085	**P 345,655,832**	P 233,380,990	P 238,898,427	**P 3,997,538,269**	P 3,799,965,640	P 3,622,807,512
Finance income	**136,631,933**	135,808,063	115,749,633	**11,635,045**	8,450,489	5,092,961	**148,266,978**	144,258,552	120,842,594
Rental income	**14,677,006**	17,189,304	17,431,216	**-**	-	-	**14,677,006**	17,189,304	17,431,216
Other income	**277,426,111**	155,670,753	157,184,641	**9,399,769**	10,842,544	4,685,048	**286,825,880**	166,513,297	161,869,689
	4,080,617,487	3,875,252,770	3,674,274,575	**366,690,646**	252,674,023	248,676,436	**4,447,308,133**	4,127,926,793	3,922,951,011
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,310,566,542**	2,096,109,839	2,083,592,091	**186,821,842**	131,911,176	145,109,600	**2,497,388,384**	2,228,021,015	2,228,701,691
Commissions	**199,293,899**	199,731,748	195,115,595	**11,848,142**	18,641,320	18,570,947	**211,142,041**	218,373,068	213,686,542
Association dues	**131,765,698**	61,985,205	50,765,686	**6,237,793**	7,761,307	5,729,143	**138,003,491**	69,746,512	56,494,829
Advertising and promotion	**49,276,760**	90,405,992	158,959,027	**14,325,457**	12,595,558	23,329,042	**63,602,217**	103,001,550	182,288,069
Taxes and licenses	**49,575,127**	32,620,734	48,973,052	**8,940,581**	8,774,720	8,641,254	**58,515,708**	41,395,454	57,614,306
Rentals	**3,814,336**	6,108,597	6,498,758	**-**	388,488	-	**3,814,336**	6,497,085	6,498,758
Salaries and employee benefits	**799,383**	1,132,027	865,327	**113,256**	-	128,141	**912,639**	1,132,027	993,468
Other expenses	**63,106,054**	51,029,807	49,965,122	**5,191,138**	4,443,000	5,075,862	**68,297,192**	55,472,807	55,040,984
	2,808,197,799	2,539,123,949	2,594,734,658	**233,478,209**	184,515,569	206,583,989	**3,041,676,008**	2,723,639,518	2,801,318,647
SEGMENT OPERATING PROFIT	**P 1,272,419,688**	P 1,336,128,821	P 1,079,539,917	**P 133,212,437**	P 68,158,454	P 42,092,447	**P 1,405,632,125**	P 1,404,287,275	P 1,121,632,364
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P 21,189,484,878**	P 19,821,904,588		**P6,089,028,954**	P 6,171,210,205		**P27,278,513,832**	P 25,993,114,793	
Segment liabilities	**4,948,182,002**	4,401,292,829		**822,539,356**	823,093,818		**5,770,721,358**	5,224,386,647	

There was no segment interest expense allocated in 2023, 2022 and 2021.

4.5 Reconciliations

Presented below and on the succeeding page is a reconciliation of the Company's segment information to the key financial information presented in its financial statements.

	2023	2022	2021
Revenues			
Total segment revenues	**P 4,447,308,133**	P 4,127,926,793	P 3,922,951,011
Unallocated revenues:			
Finance income	**422,945,290**	333,704,011	280,903,127
Rental income from investment properties	**92,789,526**	72,430,897	64,938,570
Other income	**122,867,272**	14,944,442	31,195,100
	638,602,088	421,079,350	377,036,797
Revenues and income as reported in the statements of comprehensive income	**P 5,085,910,221**	P 4,549,006,143	P 4,299,987,808
Profit or loss			
Segment operating profit	**P 1,405,632,125**	P 1,404,287,275	P 1,121,632,364
Other unallocated income	**638,602,088**	421,079,350	377,036,797
Other unallocated expenses	**(1,244,336,487)**	(1,159,985,908)	(782,255,082)
Net profit as reported in the statements of comprehensive income	**P 819,987,726**	P 665,380,717	P 716,414,079
Assets			
Segment assets	**P27,278,513,832**	P 25,993,114,793	
Unallocated assets:			
Cash and cash equivalents	**3,709,338,325**	3,414,745,641	
Trade and other receivables	**4,138,460,410**	4,082,997,751	
Advances to related parties	**5,688,189,234**	5,303,721,951	
Prepayments and other current assets	**1,192,873,064**	881,852,082	
Advances to landowners and joint ventures	**242,894,346**	241,655,890	
Investments in subsidiaries and an associate	**4,171,212,032**	4,171,212,032	
Property and equipment – net	**44,581,323**	12,679,160	
Intangible asset – net	**33,283,184**	39,495,478	
Investment properties – net	**587,082,411**	615,100,960	
Other non-current assets	**3,221,212**	3,221,212	
	19,811,135,541	18,766,682,157	
Total assets as reported in the statements of financial position	**P47,089,649,373**	P 44,759,796,950	

	2023	2022
Liabilities		
Segment liabilities	**P 5,770,721,358**	P 5,224,386,647
Unallocated liabilities:		
Interest-bearing loans and borrowings	**850,000,000**	1,000,000,000
Trade and other payables	**2,395,315,556**	1,852,841,844
Advances from related parties	**6,515,240,711**	6,232,956,930
Customers' deposits	**426,106,702**	313,526,406
Other current liabilities	**754,539,350**	659,954,399
Stock subscriptions payable	**95,662,500**	95,662,500
Deferred tax liabilities – net	**2,077,779,047**	1,991,479,920
Retirement benefit obligation	**92,528,372**	19,308,818
	13,207,172,238	12,165,730,817
Total liabilities as reported in the statements of financial position	**P 18,977,893,596**	P 17,390,117,464

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	2023	2022
Cash on hand and in banks	**P 2,190,511,349**	P 1,988,865,077
Short-term placements	**1,518,826,976**	1,425,880,564
	P 3,709,338,325	P 3,414,745,641

Cash in banks generally earns interest at rates based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 76 days in 2023 and 2022, and 51 days in 2021 and earn annual effective interest ranging from 3.13% to 6.25% in 2023, 0.38% to 5.75% in 2022 and 0.25% to 1.25% in 2021. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2023, 2022 and 2021 and earn annual effective interest ranging from 1.5 % to 5.0% in 2023, 0.05% to 4.0% in 2022, and 0.05% to 0.15% in 2021 (see Note 21.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	**2023**	2022
Current:			
Trade receivables	24.3	**P 4,252,598,723**	P 3,635,249,284
Advances to suppliers and contractors		**2,932,708,967**	3,059,467,717
Rent receivable	24.2	**386,081,089**	386,207,124
Advances to condominium associations		**375,842,604**	361,678,095
Interest receivable	24.3	**97,883,442**	75,928,085
Management fee receivable	24.2	**44,119**	44,119
Others		**474,062,558**	276,479,332
		8,519,221,502	7,795,053,756
Non-current:			
Trade receivables		**3,277,067,010**	2,348,771,103
Refundable deposits		**134,502,332**	123,730,456
		3,411,569,342	2,472,501,559
		P11,930,790,844	P10,267,555,315

The Company's trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) are subjected to credit risk. These receivables are evaluated by the Company for impairment and assessed that no ECL should be provided for the periods presented.

Trade receivables of the Company are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 8% to 22%. The related interest earned on these sales contracts amounting to P27.0 million, P26.5 million, and P18.8 million in 2023, 2022, and 2021, respectively, are reported as part of Finance Income account in the statements of comprehensive income (see Note 21.1).

The installment period of noninterest-bearing sales contracts ranges from two to five years with imputed interest of 7.33% in 2023, 5.75% in 2022, and 5.78% in 2021. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P172.9 million, P121.3 million, and P117.8 million in 2023, 2022, and 2021, respectively, are presented as a deduction against the Real Estate Sales account in the statements of comprehensive income. Amortization of day one loss amounting to P121.3 million, P117.8 million, and P102.1 million in 2023, 2022, and 2021, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the statements of comprehensive income (see Note 21.1).

Advances to suppliers and contractors represent down payments made by the Company based on a certain percentage of the contract price and the construction materials purchased by the Company that is used by the contractors and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Company either on a pro-rata basis or in full once billed by the suppliers and contractors.

The advances to condominium associations are the Company's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric company, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables include association dues, advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Company considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 28.2(b)].

7. REAL ESTATE INVENTORIES

The Company's real estate inventories at the end of 2023 and 2022 were stated at cost. The composition of this account as at December 31 is shown below.

	2023	2022
Residential and condominium units for sale	**P 12,621,531,965**	P13,107,979,653
Raw land inventory	**2,229,667,262**	2,229,667,262
Property development costs	**1,893,788,103**	1,887,796,935
	P 16,744,987,330	P17,225,443,850

Interest expense from Interest-bearing loans and borrowings amounting to P63.0 million and P8.9 million in 2023 and 2021 is capitalized as part of Real Estate Inventories account in the statements of financial position. There was no similar transaction in 2022.

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized actual costs, as part of Cost of Real Estate Sales account in the statements of comprehensive income, on house and lots, and condominium units available for sale (see Note 19). The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Company's interest-bearing loans and borrowings for the years ended December 31, 2023 and 2022.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management's assessment, the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of real estate inventories have been recognized in the financial statements.

8. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Company relate to a number of joint venture agreements entered into with landowners covering development of certain parcels of land. The joint venture agreements stipulate that the Company's joint venture partners shall contribute parcels of land and the Company shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing, and marketing of condominium units to be constructed on the properties. Costs incurred by the Company for these projects are recognized as part of Real Estate Inventories (see Note 7).

In addition to providing a specified portion of the total project development costs, the Company also commits to advance mutually agreed-upon amounts to the landowners which will then be used for various purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of advances to landowners and joint ventures as of December 31 is as follows:

	2023	2022
Advances to landowners:		
Balance at beginning of year	**P 136,561,076**	P 132,887,049
Additional advances	**896,556**	3,674,027
Balance at end of year	**137,457,632**	136,561,076
Advances to joint ventures:		
Balance at beginning of year	**105,094,814**	104,532,339
Additional advances	**341,900**	562,475
Balance at end of year	**105,436,714**	105,094,814
	P 242,894,346	P 241,655,890

The Company commits to developing the properties based on the terms agreed with the joint venture partners. The Company has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Company as of December 31, 2023 and 2022.

The net commitment for construction expenditures amount to:

	2023	2022
Total commitment for construction expenditures	**P 11,205,054,936**	P 11,205,054,936
Total expenditures incurred	**(9,187,561,472)**	(9,040,058,953)
Net commitment	**P 2,017,493,464**	P 2,164,995,983

The Company's interests in jointly controlled operations and projects range from 55% to 82% both in 2023 and 2022. The Company's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Company accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Company was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project. Administrative and operational functions of the project are provided by the Company and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Company and the co-joint operator.

As of December 31, 2023 and 2022, the Company has no other material contingent liabilities with regard to these joint ventures.

9. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of investments in subsidiaries and an associate as of December 31, 2023 and 2022, which are carried in these separate financial statements at cost, are as follows:

	% Interest Held	Cost
Subsidiaries:		
20th Century Nylon Shirt Co., Inc. (20th Century)	100%	P 696,400,000
Eastwood Property Holdings, Inc. (EPHI)	100%	375,000,000
Valle Verde Properties, Inc. (VVPI)	100%	125,000,000
Sherman Oak Holdings, Inc. (SOHI)	100%	2,500,000
Empire East Communities, Inc. (EECI)	100%	50,000
Laguna BelAir Science School, Inc. (LBASSI)	72.50%	94,250,002
Sonoma Premiere Land, Inc. (SPLI)	60%	820,000,000
Pacific Coast Megacity Inc. (PCMI)	40%	1,764,051,412
		3,877,251,414
Associate –		
Gilmore Property Marketing Associates, Inc. (GPMAI)	47%	293,960,618
		P 4,171,212,032

Except for EPHI, 20th Century, LBASSI, and PCMI, the registered office, which is also the place of business, of the Company's subsidiaries and an associate is located at 2nd Floor Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City. Below is the summary of registered office address of the other subsidiaries, which is also the place of their operations.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) 20th Century – 632 Shaw Boulevard, Barangay Highway Hills, Mandaluyong City
(c) LBASSI – Barangay Don Jose, Sta. Rosa, Laguna
(d) PCMI – 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

9.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues and net loss of GPMAI as of December 31 are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income (Loss)
2023	**P 570,994,799**	**P 17,591,437**	**P 12,083,558**	**P -**	**P 9,758,990**	**P 792,367**
2022	P 571,330,279	P 16,546,323	P 12,166,291	P -	P 3,496,283	(P 2,283,127)
2021					P 806,380	(P 3,643,001)

As of December 31, 2023 and 2022, there are no available fair values for these investment in an associate as it is not listed in stock markets. The related book value of these investment amounted to P280.0 million as of December 31, 2023 and 2022.

9.2 Stock Subscriptions Payable

The components of stock subscriptions payable to subsidiaries as of December 31, 2023 and 2022 presented under the Non-current Liabilities section of the statements of financial position, are as follows:

VVPI	P 93,750,000
SOHI	1,875,000
EECI	37,500
	P 95,662,500

9.3 Contingent Liabilities

As of December 31, 2023 and 2022, the Company has no contingent liabilities for subsidiaries with significant non-controlling interest and associate which were incurred jointly with other investors and the Company is not severally liable for all or part of the contingent liabilities of the subsidiaries and an associate.

Based on management's assessment, the Company's investments in subsidiaries and an associate are not impaired due to the active efforts of the Company to fund their respective operations.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Transportation Equipment	Office Furniture and Fixtures	Office and Other Equipment	Leasehold Improvements	Right-of-use Assets	Total
December 31, 2023						
Cost	P 47,301,248	P 23,154,772	P 98,470,782	P 85,184,986	P 42,663,054	P 296,774,842
Accumulated depreciation and amortization	(44,627,988)	(22,887,356)	(93,894,354)	(76,382,840)	(14,400,981)	(252,193,519)
Net carrying amount	**P 2,673,260**	**P 267,416**	**P 4,576,428**	**P 8,802,146**	**P 28,262,073**	**P 44,581,323**
December 31, 2022						
Cost	P 46,790,248	P 22,864,770	P 94,128,756	P 80,414,035	P -	P 244,197,809
Accumulated depreciation and amortization	(45,715,788)	(22,818,639)	(92,341,011)	(70,643,211)	-	(231,518,649)
Net carrying amount	P 1,074,460	P 46,131	P 1,787,745	P 9,770,824	P -	P 12,679,160
January 1, 2022						
Cost	P 65,262,575	P 22,864,770	P 93,127,568	P 80,414,035	P -	P 261,668,948
Accumulated depreciation and amortization	(62,046,025)	(22,786,186)	(90,151,461)	(66,667,450)	-	(241,651,122)
Net carrying amount	P 3,216,550	P 78,584	P 2,976,107	P 13,746,585	P -	P 20,017,826

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023, 2022 and 2021 is shown below.

	Transportation Equipment	Office Furniture and Fixtures	Office and Other Equipment	Leasehold Improvements	Right-of-use Assets	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 1,074,460	P 46,131	P 1,787,745	P 9,770,824	P -	P 12,679,160
Additions	2,611,179	359,644	4,505,062	4,770,951	42,663,054	54,909,890
Write off	-	(69,642)	(163,036)	-	-	(232,678)
Depreciation and amortization charges for the year	(1,012,379)	(68,717)	(1,553,343)	(5,739,629)	(14,400,981)	(22,775,049)
Net carrying amount at December 31, 2023	**P 2,673,260**	**P 267,416**	**P 4,576,428**	**P 8,802,146**	**P 28,262,073**	**P 44,581,323**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 3,216,550	P 78,584	P 2,976,107	P 13,746,585	P -	P 20,017,826
Additions	-	-	1,001,188	-	-	1,001,188
Depreciation and amortization charges for the year	(2,142,090)	(32,453)	(2,189,550)	(3,975,761)	-	(8,339,854)
Net carrying amount at December 31, 2022	P 1,074,460	P 46,131	P 1,787,745	P 9,770,824	P -	P 12,679,160
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 6,641,377	P 882,177	P 4,710,181	P 67,672,118	P 39,106,810	P 119,012,663
Additions	45,893	69,643	1,399,697	4,981,649	-	6,496,882
Depreciation and amortization charges for the year	(3,470,720)	(873,236)	(3,133,771)	(11,519,017)	(9,776,703)	(28,773,447)
Write-off	-	-	-	(47,388,165)	-	(47,388,165)
Derecognition of right-of-use assets	-	-	-	-	(29,330,107)	(29,330,107)
Net carrying amount at December 31, 2021	P 3,216,550	P 78,584	P 2,976,107	P 13,746,585	P -	P 20,017,826

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

In 2023, the Company derecognized certain fully depreciated transportation equipment with a cost of P2.1 million and certain furniture and fixtures with a carrying value of P0.2 million. In 2022, some fully depreciated transportation equipment amounting to P17.7 million were derecognized due to obsolescence.

In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. This resulted in a loss amounting to P47.4 million in 2021 which is presented as Loss on write-off of property and equipment under Other Expenses account in the 2021 statement of comprehensive income (see Note 20.2). Subsequently, such cost of leasehold improvements were considered as part of lease credits in the Company's new lease agreement with Megaworld (see Note 15). There were no similar transactions in 2022.

In 2022, the Company sold fully depreciated transportation equipment for P0.1 million and recognized a gain on sale presented as part of Miscellaneous under Other Income in the Revenue and Income section of the 2022 statement of comprehensive income (see Note 20.1). There was no similar disposal made in 2023 and 2021.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2023, 2022 and 2021 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in operations amounted to P224.1 million, and P213.9 million as of December 31, 2023 and 2022, respectively.

11. INTANGIBLE ASSET

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2023 and 2022 are shown below.

	2023	2022
Cost	**P 62,122,935**	P 62,122,935
Accumulated amortization	**(28,839,751)**	(22,627,457)
Net carrying amount	**P 33,283,184**	P 39,495,478

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2023, 2022, and 2021 is shown below.

	2023	2022	2021
Balance at beginning of year	**P 39,495,478**	P 38,302,050	P 43,773,771
Amortization expense for the year	**(6,212,294)**	(6,212,294)	(5,471,721)
Additions	**-**	7,405,722	-
Balance at end of year	**P 33,283,184**	P 39,495,478	P 38,302,050

The amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

Intangible asset is subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2023, 2022 and 2021 as the recoverable amount of intangible asset determined by management is higher than its carrying value.

The intangible asset has not been pledged as security for liabilities.

12. INVESTMENT PROPERTIES

The Company's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income arising from operating leases recognized for the years ended December 31, 2023, 2022, and 2021 amounted to P92.8 million, P72.4 million, and P64.9 million, respectively, and are presented as part of Rental Income in the statements of comprehensive income. There is no rental income arising from finance lease in 2023, 2022 and 2021. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P1.5 million in 2023 and 2022, and P1.1 million in 2021 and repairs and maintenance amounting to P2.6 million, P1.8 million, and P1.3 million, in 2023, 2022, and 2021, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses, and Repairs and maintenance under Other Expenses account in the statements of comprehensive income (see Note 20.2).

The rental income from the operating leases of the Company is composed of the following:

	2023	2022	2021
Fixed	**P 81,021,234**	P 60,145,927	P 52,860,118
Variable	**11,768,292**	12,284,970	12,078,452
	P 92,789,526	P 72,430,897	P 64,938,570

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2023 and 2022 are shown below.

		Held for Lease		
	Land	**Building**	**Property held for lease**	**Total**
December 31, 2023				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(38,764,793)	(347,927,332)	(386,692,125)
Net carrying value	**P 1,040,000**	**P 8,509,347**	**P 577,533,064**	**P 587,082,411**
December 31, 2022				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(36,637,457)	(322,036,119)	(358,673,576)
Net carrying value	P 1,040,000	P 10,636,683	P 603,424,277	P 615,100,960
January 1, 2022				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(34,510,121)	(296,144,906)	(330,655,027)
Net carrying value	P 1,040,000	P 12,764,019	P 629,315,490	P 643,119,509

A reconciliation of the carrying amount of investment properties at the beginning and end of 2023, 2022, and 2021 is as follows:

	Land		Building		Property held for lease		Total
Balance at January 1, 2023, net of accumulated depreciation	P 1,040,000	P	10,636,683	P	603,424,277	P	615,100,960
Depreciation charges for the year	-	(	2,127,336)	(	25,891,213)	(	28,018,549)
Balance at December 31, 2023, net of accumulated depreciation	**P 1,040,000**	**P**	**8,509,347**	**P**	**577,533,064**	**P**	**587,082,411**
Balance at January 1, 2022, net of accumulated depreciation	P 1,040,000	P	12,764,019	P	629,315,490	P	643,119,509
Depreciation charges for the year	-	(	2,127,336)	(	25,891,213)	(	28,018,549)
Balance at December 31, 2022, net of accumulated depreciation	P 1,040,000	P	10,636,683	P	603,424,277	P	615,100,960
Balance at January 1, 2021, net of accumulated depreciation	P 1,040,000	P	14,891,355	P	655,206,703	P	671,138,058
Depreciation charges for the year	-	(	2,127,336)	(	25,891,213)	(	28,018,549)
Balance at December 31, 2021, net of accumulated depreciation	P 1,040,000	P	12,764,019	P	629,315,490	P	643,119,509

The amount of depreciation of investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2023, 2022, and 2021 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 30.3.

13. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings are discussed below and on the succeeding page.

2023	2022	Interest Rate	Security	Maturity
P 850,000000	P 1,000,000,000	Floating rate at 9.0% subject to quarterly repricing	Unsecured	Up to 2028

In 2021, the Company obtained an interest-bearing, unsecured seven-year P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate per annum. The proceeds were used to fund the development of the Company's various real estate projects and its working capital requirements. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

The bank loan requires the Company to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2023 and 2022, the Company is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2023, 2022, and 2021 amounted to P80.4 million, P52.4 million and P57.6 million, respectively (see Note 21.2). The related interest amounting to P63.0 million and P8.9 million in 2023 and 2021, respectively, is capitalized as part of Real Estate Inventories account in the statements of financial position. There was no similar transaction in 2022 as the amount to be capitalized is not significant to the Company's financial statements. Unpaid interest as of December 31, 2023 and 2022 amounted to P11.9 million, and P10.9 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the statements of financial position (see Note 14).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 8.04% and 2.64% in 2023 and 2021, respectively (see Note 7). There was no similar transaction in 2022.

Interest-bearing loans and borrowings are presented in the statements of financial position as follows:

	2023	2022
Current	**P 200,000,000**	P 150,000,000
Non-current	**650,000,000**	850,000,000
	P 850,000,000	P1,000,000,000

14. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**2023**	2022
Trade payables		**P2,284,625,421**	P 1,797,661,905
Accrued expenses		**59,669,495**	23,378,997
Payable to government agencies		**39,080,973**	20,852,942
Interest payable	13	**11,939,667**	10,948,000
		P2,395,315,556	P 1,852,841,844

Accrued expenses include the Company's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from the accrual of construction expenditures incurred during the year.

15. LEASES

In 2021, the Company pre-terminated the contract with its Megaworld for its leased asset located in Taguig. The lease term of this asset, based on the original contract, is for five years from January 1, 2018 to December 31, 2022. The Company has fully vacated the 12th floor in June 2021. Accordingly, the related lease liabilities and right-of-use assets were derecognized as of June 30, 2021. The gain on lease modification amounting to P4.1 million in 2021 is presented as part of Miscellaneous under Other Income in the 2021 statement of comprehensive income (see Note 20.1). There was no similar transaction in 2023 and 2022.

In 2023, the Company entered into leases its office spaces with remaining lease terms of one year and four years and is presented as Right-of-use assets under Property and Equipment. No lease liabilities were recognized due to lease credits granted to the Company amounting to P106.1 million. Such lease credits represent the cost of leasehold improvements and expenses incurred by the Company in its previously pre-terminated lease agreement with Megaworld, which was later on reimbursed by way of application to the Company's future lease payments to Megaworld (see Note 10). The total lease credits is presented as part of Other Income in the 2023 statement of comprehensive income while the remaining lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 statement of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Company is prohibited from selling or pledging the underlying leased assets as security. The Company must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Company must incur maintenance fees on such items in accordance with the lease contracts.

The Company has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The December 31, 2023, 2022, and 2021 expenses relating short-term leases amounted to P12.9 million, P13.4 million and P11.0 million, respectively, are presented as Rentals under Other Expenses account in the statements of comprehensive income.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

	2023	2022
Advances from customers	**P3,884,867,069**	P 3,248,279,156
Other deposits	**1,255,908,906**	1,237,425,342
	P5,140,775,975	P 4,485,704,498

Advances from customers represent cash received from customers for real estate property purchases that did not yet reach the sales recognition threshold of the Company. The advances are deducted from the contract price once the related real estate sales are recognized by the Company.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of titles to customers.

17. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

	Note	2023	2022
Retention payable		**P 694,122,718**	P 596,550,002
Refund liability	20.2	**287,636,551**	231,704,512
Refundable deposits		**48,934,170**	51,921,936
Other liabilities		**11,482,461**	11,482,461
		P1,042,175,900	P 891,658,911

Retention payable pertains to amounts withheld from payments to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2023, 2022, and 2021 amounted to P57.8 million, P44.2 million, and P34.1 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the statements of comprehensive income (see Note 20.2).

18. REAL ESTATE SALES

18.1 Disaggregation of Revenues

The Company derives revenues from sale of real properties and other income. An analysis of the Company's real estate sales is presented below:

	2023	2022	2021
Geographical areas			
Within Metro Manila	**P 3,439,460,043**	P 3,130,268,670	P 2,740,174,242
Outside Metro Manila	**558,078,226**	669,696,970	882,633,270
	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512
Types of product or services			
Residential condominium	**P 3,651,882,437**	P 3,566,584,650	P 3,383,909,085
Residential lots and house and lots	**345,655,832**	233,380,990	238,898,427
	P 3,997,538,269	P 3,799,965,640	P 3,622,807,512

18.2 Contract Accounts

a. Contract Assets

The Company's contract assets are classified as follows:

	2023	2022
Current	**P 2,534,011,730**	P 2,565,004,858
Non-current	**207,184,338**	18,108,521
	P 2,741,196,068	P 2,583,113,379

The significant changes in the contract assets balance as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P 2,583,113,379**	P 2,052,948,246
Transfers from contract assets recognized at the beginning of year to trade receivables	**(973,875,208)**	(406,301,982)
Increase as a result of changes in measurement of progress	**1,131,957,897**	936,467,115
Balance at end of year	**P 2,741,196,068**	P 2,583,113,379

b. Contract Liabilities

The Company's contract liabilities are classified as follows:

	2023	2022
Current	**P 96,357,478**	P 206,007,855
Non-current	**160,409,459**	102,847,590
	P 256,766,937	P 308,855,445

The significant changes in the contract liabilities balance as of December 31 are as follows:

	2023	2022
Balance at beginning of year	**P 308,855,445**	P 280,570,040
Revenue recognized that was included in contract liabilities at the beginning of year	**(24,870,126)**	(43,760,416)
Increase (decrease) due to cash received excluding amount recognized as revenue during the year	**(27,218,382)**	72,045,821
Balance at end of year	**P 256,766,937**	P 308,855,445

18.3 Direct Contract Costs

The Company incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets account in the statements of financial position. These are amortized over the expected construction period on the same basis as to how the Company measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization for 2023, 2022, and 2021 is presented as part of Commissions account under Costs and Expenses section in the statements of comprehensive income.

The movements in balances of deferred commission in 2023 and 2022 are presented below:

	2023	2022
Balance at beginning of year	**P 286,738,125**	P 258,991,994
Additional capitalized cost	**120,344,045**	68,774,109
Amortization for the year	**(53,768,983)**	(41,027,978)
Balance at end of year	**P 353,313,187**	P 286,738,125

18.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2023 and 2022 is P4.7 billion and P4.8 billion, respectively. As of December 31, 2023 and 2022, the Company expects to recognize revenue from unsatisfied contracts as presented below.

	2023	2022
Within a year	**P 2,061,764,238**	P 2,155,660,579
More than one year to three years	**2,083,346,476**	1,926,874,236
More than three years to five years	**546,532,407**	706,888,474
	P 4,691,643,121	P 4,789,423,289

19. COST OF REAL ESTATE SALES

The breakdown of the cost of real estate sales are as follows (see Note 7):

	2023	2022	2021
Contracted services	**P 2,097,483,149**	P 1,902,020,736	P 1,999,791,892
Land cost	**286,217,315**	234,409,831	141,689,559
Borrowing cost	**75,798,696**	40,525,285	64,641,192
Other costs	**37,889,224**	51,065,163	22,579,048
	P 2,497,388,384	P 2,228,021,015	P 2,228,701,691

20. OTHER INCOME AND OTHER EXPENSES

20.1 Other Income

The details of this account are shown below.

	Notes	**2023**	2022	2021
Forfeited collections and deposits		**P 247,937,294**	P 131,996,577	P 108,278,701
Income from lease credits	15	**106,091,000**	-	-
Marketing and management fees	24.2	**51,592,812**	46,783,504	78,007,850
Miscellaneous	10, 15	**4,072,046**	2,677,657	6,778,237
		P 409,693,152	P 181,457,738	P 193,064,788

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers. This also includes a portion of payments received by the Company upon approval of buyer's request to transfer to other units.

20.2 Other Expenses

The breakdown of this account is shown below.

	Notes	**2023**	2022	2021
Provision for refund liability	17	**P 57,795,155**	P 44,213,877	P 34,146,764
Utilities		**13,755,221**	12,726,310	14,098,916
Security services		**10,864,681**	6,457,078	11,249,541
Repairs and maintenance	12	**9,976,401**	6,115,507	6,818,554
Trainings, seminars, and other benefits		**6,915,628**	1,598,349	5,181,104
Insurance		**6,557,091**	4,221,203	5,152,688
Janitorial services		**5,525,555**	10,890,493	4,644,068
Marketing events and awards		**4,581,544**	2,078,720	152,250
Computer software subscription		**4,413,127**	5,303,189	3,509,699
Professional fees	24.4	**3,857,080**	4,204,980	6,141,532
Office supplies		**1,846,815**	1,381,667	3,093,294
Documentation		**1,618,732**	1,080,904	1,087,533
Donations and contributions		**769,554**	108,909	171,195
Representation		**208,212**	298,346	76,844
Loss on write-off of property and equipment	10	-	-	47,388,165
Miscellaneous		**3,755,514**	2,413,253	7,300,975
		P 132,440,310	P 103,092,785	P 150,213,122

Loss on write-off of property and equipment pertains to the loss on derecognized leasehold improvements in 2021. There were no similar transactions in 2023 and 2022.

Miscellaneous expenses include bank charges, motor vehicle registration and others.

21. FINANCE INCOME AND FINANCE COSTS

The details of this account are shown below.

21.1 Finance Income

The breakdown of Finance income is shown below.

	Notes	2023	2022	2021
Interest income:				
Advances to related parties	24.1	**P 341,664,391**	P 302,804,216	P 268,738,225
Cash and cash equivalents	5	**80,927,956**	30,730,789	12,137,751
Trade receivables	6, 24.3	**27,007,752**	26,482,239	18,790,092
Amortization of day-one loss on noninterest bearing financial instruments	6	**121,259,226**	117,776,313	102,052,503
Foreign currency gains - net		**315,709**	169,007	27,150
Net interest income on post-employment defined benefit obligation	22.2	**37,234**	-	-
		P 571,212,268	P 477,962,564	P 401,745,721

21.2 Finance Costs

The breakdown of Finance costs is shown below.

	Notes	2023	2022	2021
Interest expense on:				
Advances from related parties	24.1	**P 370,332,612**	P 340,333,360	P 312,111,871
Bank loans	13	**17,360,365**	52,434,995	48,623,860
Net interest expense on post-employment defined benefit obligation	22.2	**-**	3,154,475	3,992,042
		P 387,692,977	P 395,922,830	P 364,727,773

22. SALARIES AND EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2023	2022	2021
Short-term benefits	24.5	**P 371,310,425**	P 328,258,785	P 314,929,845
Post-employment benefits	22.2, 24.5	**19,494,873**	23,320,504	25,402,932
		P 390,805,298	P 351,579,289	P 340,332,777

22.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Company maintains a partially funded, tax-qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Company. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement benefits ranging from 60% to 200% of final monthly salary for every year of credited service, but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Financial Statements

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented below and on the succeeding pages are based on the latest actuarial valuation report obtained from an independent actuary in 2023 and 2022.

The net amounts of post-employment defined benefit obligation recognized in the statements of financial position are determined as follow:

	2023	2022
Present value of the obligation	**P 484,125,110**	P 354,475,902
Fair value of plan assets	**(391,596,738)**	(335,167,084)
	P 92,528,372	P 19,308,818

The movements in the present value of the post-employment defined benefit obligation are as follows:

	2023	2022
Balance at beginning of year	**P 354,475,902**	P 378,412,724
Current service cost	**19,494,873**	23,320,504
Interest expense	**26,727,483**	19,223,366
Benefits paid	**(10,394,726)**	(14,978,670)
Remeasurements –		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**89,523,837**	(63,477,775)
Changes in demographic assumptions	**4,141,883**	(21,939,946)
Experience adjustments	**155,858**	33,915,699
Balance at end of year	**P 484,125,110**	P 354,475,902

The movements in the fair value of plan assets are presented below.

	2023	2022
Balance at beginning of year	**P 335,167,084**	P 298,806,091
Actual contributions	**50,000,000**	50,000,000
Interest income	**26,764,717**	16,068,891
Benefits paid	**(10,394,726)**	(14,978,670)
Loss on plan assets (excluding amounts included in net interest)	**(9,940,337)**	(14,729,228)
Balance at end of year	**P 391,596,738**	P 335,167,084

The fair value of plan assets is composed of the following (in millions):

	2023	2022
Cash and cash equivalents	**P 304.9**	P 179.8
Investment in government issued debt securities	**86.7**	155.4
	P 391.6	P 335.2

The plan assets earned positive returns of P16.8 million and P1.3 million in 2023 and 2022, respectively.

The components of amounts recognized in the statements of comprehensive income in respect of the post-employment DBO are presented below.

	Notes	2023	2022	2021
Reported in profit or loss:				
Current service cost	22.1	**P 19,494,873**	P 23,320,504	P 25,402,932
Net interest expense (income)	21.2	**(37,234)**	3,154,475	3,992,042
		P 19,457,639	P 26,474,979	P 29,394,974
Reported in other comprehensive loss (income):				
Actuarial losses (gains) arising from:				
Changes in financial assumptions		**P 89,523,837**	(P 63,477,775)	(P 38,659,879)
Demographic assumptions		**4,141,883**	(21,939,946)	(183,196)
Experience adjustments		**155,858**	33,915,699	3,863,835
Loss on plan assets (excluding amounts included in net interest)		**9,940,337**	14,729,228	9,411,821
		P 103,761,915	(P 36,772,794)	(P 25,567,419)

Current service cost is presented as part of Salaries and Employee Benefits account under Costs and Expenses section of the statements of comprehensive income, while the amounts of net interest expense (income) are included as part of either the Finance Costs account under Costs and Expenses or Finance Income under Revenues and Income sections of the statements of comprehensive income. The amounts recognized in other comprehensive income (loss) were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment DBO, the following significant actuarial assumptions were used:

	2023	2022	2021
Discount rates	**6.56%**	7.54%	5.08%
Expected rate of salary increases	**6.00%**	4.00%	4.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 27.0 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as investment and interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

The present value of the post-employment DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the post-employment DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and on the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2023			
Discount rate	**+7.0%/-8.1%**	**(P 33,690,228)**	**P 39,049,479**
Salary increase rate	**+8.0%/-7.1%**	**38,876,517**	**(34,155,083)**
2022			
Discount rate	+5.7%/-6.5%	(P 20,280,395)	P 23,196,685
Salary increase rate	+6.7%/-6.0%	23,798,351	(21,114,661)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the post-employment DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the post-employment DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment DBO recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Company through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in cash and cash equivalents with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P92.5 million. While there is no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 10 years' time when a significant number of employees is expected to retire.

The Company expects to make contribution of at least P50.0 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan as at December 31 for the next 10 years are as follows:

	2023	2022
Within one year	**P 218,260,402**	P 175,533,015
More than one year to four years	**10,825,152**	39,697,866
More than four years to five years	**6,172,336**	3,189,474
More than five years to 10 years	**224,099,862**	138,341,883
	P 459,357,752	P 356,762,238

The weighted average duration of the DBO at the end of the reporting period is 7.5 years.

23. TAX EXPENSE

The components of tax expense (income) reported in the statements of comprehensive income for the years ended December 31 are presented below.

	2023	2022	2021
Reported in profit or loss:			
Current tax expense:			
Regular Corporate Income Tax (RCIT) at 25%	**P 86,354,955**	P 121,102,334	P 136,364,594
Final tax at 20%, 15% and 7.5%	**16,149,904**	6,129,455	2,423,486
	102,504,859	127,231,789	138,788,080
Effect of the change in income tax rate	**-**	-	(9,249,087)
	102,504,859	127,231,789	129,538,993
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**112,239,607**	98,933,628	25,400,690
Effect of change in income tax rate	**-**	-	(360,813,130)
	112,239,607	98,933,628	(335,412,440)
	P 214,744,466	P 226,165,417	(P 205,873,447)
Reported in other comprehensive loss (income) –			
Deferred tax expense (income) relating to:			
Remeasurement of retirement benefit plan	**(P 25,940,480)**	P 9,193,199	P 6,391,855
Effect of changes in income tax rate	**-**	-	(9,498,978)
	(P 25,940,480)	P 9,193,199	(P 3,107,123)

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense (income) as reported in the profit or loss section of the statements of comprehensive income is as follows:

	2023	2022	2021
Tax on pre-tax profit at 25%	**P 258,660,548**	P 222,886,533	P 127,635,158
Adjustment for income subjected to lower income tax rates	**(4,082,084)**	(1,553,243)	(610,950)
Tax effects of:			
Non-taxable income on forfeited collections	**(48,230,566)**	(285,708)	(979,719)
Measurement of installment receivables under effective interest method	**12,904,489**	870,728	3,930,952
Non-deductible interest expense	**4,046,398**	1,536,540	606,888
Non-deductible taxes and licenses	**3,292,722**	2,710,567	12,959,407
Changes in tax rates due to CREATE Law	**-**	-	(370,062,217)
Non-deductible loss on derecognition of property and equipment	**-**	-	11,847,041
Write-off of net deferred tax assets related to lease pre-termination	**-**	-	9,829,898
Non-taxable gain on derecognition of lease liability	**-**	-	(1,029,905)
Others – net	**(11,847,041)**	-	-
	P 214,744,466	P 226,165,417	(P 205,873,447)

The net deferred tax liabilities as of December 31 relate to the following:

	Statements of Financial Position		**Statements of Profit and Loss**		
	2023	2022	**2023**	2022	2021
Deferred tax assets:					
Retirement benefit obligation	**P 23,132,094**	P 4,827,205	**P 7,635,591**	P 5,881,254	P 20,939,189
Refund liability	**71,909,138**	57,926,128	**(13,983,010)**	(10,355,166)	(441,182)
Allowance for impairment	**8,874,362**	8,874,362	**-**	-	1,774,872
Lease liability	**-**	-	**-**	-	17,893,260
	103,915,594	71,627,695	**(6,347,419)**	(4,473,912)	40,166,139
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,033,618,301)**	(1,906,236,495)	**127,381,806**	122,945,667	(292,847,817)
Deferred commission	**(88,328,298)**	(71,684,532)	**16,643,766**	6,936,533	7,138,650
Capitalized borrowing cost	**(52,603,596)**	(85,144,335)	**(32,540,740)**	(26,510,125)	(81,021,530)
Right-of-use asset	**(7,065,518)**	-	**7,065,519**	-	(9,030,393)
Unrealized foreign exchange loss – net	**(78,928)**	(42,253)	**36,675**	35,465	182,511
	(2,181,694,641)	(2,063,107,615)	**118,587,026**	103,407,540	(375,578,579)
Deferred tax expense (income) - net			**P 112,239,607**	P 98,933,628	(P 335,412,440)
Deferred tax liabilities - net	**(P 2,077,779,047)**	(P 1,991,479,920)			

The deferred tax income (expense) presented in Other Comprehensive Income (Loss) section of the statements of comprehensive income pertain to the tax effect of remeasurements of retirement benefit obligation which resulted in a tax income amounting to P3.1 million and P26.0 million in 2021 and 2023, respectively, and tax expense of P9.2 million in 2022.

The Company is subject to the minimum corporate income tax, which is computed at 2% and 1% of gross income in 2023 and 2022, net of allowable deductions, as defined under the tax regulation or to RCIT, whichever is higher.

In 2023, 2022 and 2021, the Company opted to claim itemized deductions in computing for its tax due.

24. RELATED PARTY TRANSACTIONS

The Company's related parties include its Parent Company, subsidiaries, an associate, related parties under common ownership, key management personnel, and the Company's retirement plan as described below and on the succeeding pages.

Based on the requirement of SEC Memorandum Circular 2019-10*, Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Company's significant transactions and outstanding balances with its related parties are as follows:

Related Party Category	Notes	Amount of Transactions 2023	2022	2021	Outstanding Balance 2023	2022
Parent Company:						
Right-of -use asset	10	**P 14,400,981**	P -	P -	**P 28,262,073**	P -
Lease credits	15	**106,091,000**	-	-	**63,427,946**	-
Availment of advances	24.1	**(349,396,635)**	(316,095,127)	(290,577,174)	**(5,350,001,894)**	(5,000,605,259)
Obtaining of services	24.4	**1,244,880**	1,037,400	1,781,940	**-**	-
Rendering of services	24.2	**-**	-	-	**340,315,108**	340,315,108
Subsidiaries:						
Granting of advances	24.1	**2,269,076**	2,474,584	1,147,518	**1,211,244,938**	1,208,975,862
Repayments (availment) of advances	24.1	**19,295,096**	(1,623,365)	9,804,477	**(499,209,239)**	(518,504,335)
Interest income	24.3	**646,755**	386,354	(537,973)	**1,549,664**	902,909
Real estate sales	24.3	**-**	-	(5,945,472)	**5,739,497**	5,739,497
Associate –						
Repayment of advances	24.1	**2,817,758**	2,211,467	1,459,031	**(378,861,197)**	(381,678,955)
Related Parties under Common Ownership:						
Granting of advances	24.1	**382,198,207**	336,882,017	319,041,705	**4,512,441,742**	4,130,243,535
Repayment of advances	24.1	**65,941,736**	64,235,069	60,965,694	**(287,168,381)**	(332,168,381)
Rendering of services	24.2	**50,962,422**	46,898,870	57,086,584	**44,119**	44,119
Key Management Personnel –						
Compensation	24.5	**72,421,676**	68,610,928	61,579,836	**-**	-

The Company's outstanding receivables from and payables to related parties arising from rendering of services and cash advances to related parties are unsecured and are generally settled in cash or through offsetting arrangement with the related parties.

24.1 Advances to and from Related Parties

The Company grants to and obtains unsecured advances from subsidiaries, an associate and other related parties, including those under common ownership, for working capital purposes and other purposes.

Some of these advances are interest-bearing with interest rates ranging from 7.00% to 15.00% both in 2023 and 2022.

The details of Advances to Related Parties account as at December 31 are shown below.

	2023	2022
Subsidiaries	**P 1,211,244,938**	P 1,208,975,862
Related parties under common ownership	**4,512,441,742**	4,130,243,535
	5,723,686,680	5,339,219,397
Allowance for impairment	**(35,497,446)**	(35,497,446)
	P 5,688,189,234	P 5,303,721,951

The movements in the Advances to Related Parties account are shown below.

	2023	2022
Subsidiaries:		
Balance at beginning of year	**P 1,208,975,862**	P 1,206,501,278
Additional advances	**2,669,772**	3,989,634
Collections	**(400,696)**	(1,515,050)
Balance at end of year	**P 1,211,244,938**	P 1,208,975,862
Related parties under common ownership:		
Balance at beginning of year	**P 4,130,243,535**	P 3,793,361,518
Interest income	**341,664,391**	302,804,216
Additional advances	**40,533,816**	49,087,472
Collections	**-**	(15,009,671)
Balance at end of year	**P 4,512,441,742**	P 4,130,243,535
Allowance for impairment	**(P 35,497,446)**	(P 35,497,446)

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Company from its Parent Company, subsidiaries, an associate, and certain related parties under common ownership. The details as at December 31 are as follow:

	2023	2022
Parent Company	**P 5,350,001,894**	P 5,000,605,259
Subsidiaries	**499,209,239**	518,504,335
Associate	**378,861,197**	381,678,955
Related parties under common ownership	**287,168,381**	332,168,381
Balance at end of year	**P 6,515,240,711**	P 6,232,956,930

The movement in the Advances from Related Parties account is shown below.

	2023	2022
Parent:		
Balance at beginning of year	**P 5,000,605,259**	P 4,684,510,132
Accrued interests	**349,390,876**	316,098,291
Additions	**5,759**	-
Repayments	**-**	(3,164)
Balance at end of year	**P 5,350,001,894**	P 5,000,605,259
Subsidiaries:		
Balance at beginning of year	**P 518,504,335**	P 516,880,970
Additions	**-**	1,628,092
Repayments	**(19,295,096)**	(4,727)
Balance at end of year	**P 499,209,239**	P 518,504,335
Associate:		
Balance at beginning of year	**P 381,678,955**	P 383,890,422
Repayments	**(2,817,758)**	(2,211,467)
Balance at end of year	**P 378,861,197**	P 381,678,955
Common ownership:		
Balance at beginning of year	**P 332,168,381**	P 372,168,381
Accrued interests	**20,941,736**	24,235,069
Repayments	**(65,941,736)**	(64,235,069)
Balance at end of year	**P 287,168,381**	P 332,168,381

These advances to/from parent company, subsidiaries, associate, and other related parties are generally collectible/payable in cash on demand or through offsetting arrangements with the related parties (see Note 29.2). Cash advances from Parent Company bear fixed interest rate ranging between 7% and 12% per annum in 2023, 2022 and 2021. Interest income and interest expense arising from these transactions are presented as part of Finance Income and Finance Costs account, respectively, in the statements of comprehensive income (see Notes 21.1 and 21.2).

24.2 Rendering of Services to Related Parties

The summary of services offered by the Company is presented below.

	Amount of Transactions		
	2023	2022	2021
Lease of property	**P 34,201,327**	P 32,088,357	P 30,560,481
Management services	**16,761,095**	14,810,513	26,526,103
	P 50,962,422	P 46,898,870	P 57,086,584

The Company handles the administrative functions of a related party under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recorded as part of Marketing and management fees under Other Income account in the statements of comprehensive income (see Note 20.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the statements of financial position (see Note 6).

The Company leases certain investment property to a related party under common ownership. The revenues earned from the lease are included as part of Rental Income account in the statements of comprehensive income. The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the statements of financial position (see Note 6).

24.3 Real Estate Sales

In 2000, the Company sold a parcel of land located in Sta. Rosa, Laguna to its subsidiary for P81.1 million. The outstanding receivable from this sale is presented as part of Trade receivables under Trade and Other Receivables account in the statements of financial position (see Note 6).

The related interest income is shown as part of Finance Income account under Revenues and Income section in the statements of comprehensive income (see Note 21.1). There is an unpaid interest receivable amounting to P1.5 million and P0.9 million as of December 31, 2023 and 2022, respectively, and is presented as part of Interest receivable under Trade and Other Receivables account in the statements of financial position (see Note 6).

24.4 Obtaining of Services

The Company incurred management fees for marketing services obtained from its Parent Company and is presented as part of Professional fees under Other Expenses account in the statement of comprehensive income (see Note 20.2). There was no outstanding payable from this transaction as of December 31, 2023 and 2022.

24.5 Key Management Personnel Compensation

The key management personnel compensation includes the following expenses:

	2023	2022	2021
Short-term benefits	**P 54,486,438**	P 46,456,449	P 39,451,208
Post-employment benefits	**17,935,238**	22,154,479	22,128,628
	P 72,421,676	P 68,610,928	P 61,579,836

These are included as part of Salaries and Employee Benefits account under Costs and Expenses section of the statements of comprehensive income for the years ended December 31, 2023, 2022 and 2021 (see Note 22.1).

24.6 Retirement Plan

The Company's retirement fund for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as of December 31, 2023 and 2022 are presented in Note 22.2. As of December 31, 2023 and 2022, the Company's retirement fund does not include any investments in any debt or equity securities issued by the Company or any of its related parties.

The Company's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

25. EQUITY

25.1 Capital Stock

Capital stock as of December 31, 2023 and 2022 is presented below.

	Shares	**Amount**
Common shares – P1 par value		
Authorized	31,495,200,000	P 31,495,200,000
Issued	14,803,455,238	P 14,803,455,238
Treasury stocks – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P 14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.73% ownership interest in the Company as of December 31, 2023 and 2022.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2023 and 2022.

On April 24, 1996, the SEC approved the listing of the Company's shares totalling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2023, 2022, and 2021, there are 12,297, 12,336 and 12,360 holders of the listed shares, respectively. The shares were listed and closed at a price of P0.13, P0.19 and P0.25 per share as of December 29, 2023 and 2022 and December 31, 2021, respectively.

25.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Company's shareholders over the total par value of the common shares. There were no movements in the Company's APIC accounts in 2023 and 2022.

25.3 Treasury Stocks

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Company's shares of common stock within a 24-month period under certain terms and conditions as the Company's senior management may deem beneficial to the Company and its stockholders.

As of December 31, 2023 and 2022, the Company's treasury stocks amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Company.

25.4 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

26. EARNINGS PER SHARE

Basic and diluted earnings per share are computed as follows:

	2023	2022	2021
Income available to common shares	**P 819,897,726**	P 665,380,717	P 716,414,079
Divided by the weighted average number of outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**P 0.056**	P 0.045	P 0.049

Diluted earnings per share equal the basic earnings per share since the Company does not have dilutive shares as of December 31, 2023, 2022 and 2021.

27. COMMITMENTS AND CONTINGENCIES

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

27.1 Operating Lease Commitments – Company as Lessor

The Company is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Company's revenue from rental properties are derived from commercial and parking spaces.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Refundable deposits under Other Current Liabilities in the statements of financial position (see Note 17).

The Company is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. This consists of fixed lease payments with terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases as of December 31 are presented below.

	2023	2022	2021
Within one year	**P 87,091,504**	P 60,486,736	P 66,308,551
After one year but not more than two years	**66,419,329**	30,607,954	41,452,326
After two years but not more than three years	**57,583,883**	19,311,320	17,646,880
After three years but not more than four years	**48,775,972**	15,485,223	16,162,471
After four years but not more than five years	**22,599,392**	6,566,925	16,407,851
More than five years	**-**	1,004,708	7,881,318
	P 282,470,080	P 133,462,866	P 165,859,397

The total rentals from these operating leases amount to about P107.5 million, P89.6 million and P82.4 million in 2023, 2022, and 2021, respectively, and are presented as Rental Income account under Revenues and Income section of the statements of comprehensive income.

27.2 Legal Claims

As of December 31, 2023 and 2022, the Company does not have any litigations within and outside the normal course of its business.

27.3 Credit Lines

The Company has existing credit lines with local banks for a maximum amount of P1,520 million and P3,020 million as of December 31, 2023 and 2022, respectively. The Company has unused lines of credit amounting to P520 million and P2,020 million as of December 31, 2023 and 2022, respectively.

27.4 Capital Commitments

As of December 31, 2023, and 2022, the Company has commitments amounting to P2.0 billion and P2.2 billion, respectively, for the construction expenditures in relation to the Company's joint venture (see Note 8).

27.5 Others

There are other commitments and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the financial statements.

The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on its financial statements.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating, investing and financing activities. Risk management is carried out by a central treasury department under policies approved by the Company's BOD and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Company is exposed to are described below and on the succeeding pages.

28.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Company's transactions are denominated in Philippine peso, which is its functional currency. The Company's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the financial statements as of December 31, 2023 and 2022. The Company has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. At December 31, 2023 and 2022, the Company is only exposed to changes in market interest through its cash and cash equivalents and long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

28.2 Credit Risk

The maximum credit risk exposure of the Company is the carrying amount of the financial assets and contract assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements), as summarized below.

	Notes	**2023**	2022
Cash and cash equivalents	5	**P 3,709,338,325**	P 3,414,745,641
Trade and other receivables (excluding Advances to suppliers and contractors, and Advances to condominium associations)	6	**8,622,239,273**	6,846,409,503
Contract assets	18.2	**2,741,196,068**	2,583,113,379
Advances to related parties	24.1	**5,688,189,234**	5,303,721,951
		P20,760,962,900	P 18,147,990,474

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables as described below and on the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade Receivables and Contract Assets

Trade and other receivables (excluding Advances to suppliers and contractors and Advances to condominium associations) and contract assets are subject to credit risk exposure. The Company, however, does not identify specific concentrations of credit risk with regard to trade receivables, as the amounts recognized resemble a large number of receivables from various customers. In addition, certain accounts receivable from trade customers are covered by post-dated checks. The Company also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Company undertakes credit review procedures for all installment payment terms. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Company's buyers' profile.

The Company has used the simplified approach in measuring ECL for trade receivables and has calculated ECL based on lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Company considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from the real estate sale. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented below:

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2023				
Contract assets	P 2,741,196,068	P 11,392,051,862	P -	P 2,741,196,068
Contract receivables	7,702,542,915	20,562,776,892	-	7,702,542,915
	P 10,443,738,983	**P 31,954,828,754**	**P -**	**P 10,443,738,983**
2022				
Contract assets	P 2,583,113,379	P 14,261,081,200	P -	P 2,583,113,379
Contract receivables	5,984,020,386	20,269,299,296	-	5,984,020,386
	P 8,567,133,765	P 34,530,380,496	P -	P 8,567,133,765

Other components of receivables such as rental receivables and others are also evaluated by the Company for impairment and assessed that no ECL should be provided. A significant portion of the Company's rental receivables are from Megaworld, the impairment of which is assessed using the latter's ability to pay [see Note 28.2(c)]. Rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are in average equivalent to six months. Some of the unimpaired trade receivables are past due as at the end of the reporting period.

The trade receivables that are past due but not impaired are as follows:

	2023	2022
Not more than three months	**P 190,494,813**	P 158,304,820
More than three months but not more than six months	**312,624,389**	263,658,359
More than six months but not more than one year	**340,066,126**	294,647,279
More than one year	**124,782,369**	105,050,474
	P 967,967,697	P 821,660,932

(c) *Advances to Related Parties and Rent receivable and Management fee receivable (from related parties)*

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from certain related parties as of December 31, 2023 and 2022 are not recoverable since these related parties have no capacity to pay the advances upon demand. On that basis, the loss allowance as at December 31, 2023 and 2022 amounted to P35.5 million (see Note 24.1).

The Company does not consider any significant risks on the remaining advances to related parties since Megaworld and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2023 and 2022, impairment allowance is not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2023 and 2022.

	Neither Past Due nor Specifically Impaired			Past Due	
	High Grade	Standard Grade	Substandard Grade	but Not Impaired	Total
December 31, 2023					
Cash and cash equivalents	P 3,709,338,325	P -	P -	P -	P 3,709,338,325
Trade and other receivables	-	7,654,271,576	-	967,967,697	8,622,239,273
Contract assets	-	2,741,196,068	-	-	2,741,196,068
Advances to related parties	-	5,688,189,234	-	-	5,688,189,234
	P 3,709,338,325	**P 16,083,656,878**	**P -**	**P 967,967,697**	**P 20,760,962,900**
December 31, 2022					
Cash and cash equivalents	P 3,414,745,641	P -	P -	P -	P 3,414,745,641
Trade and other receivables	-	6,024,748,571	-	821,660,932	6,846,409,503
Contract assets	-	2,583,113,379	-	-	2,583,113,379
Advances to related parties	-	5,303,721,951	-	-	5,303,721,951
	P 3,414,745,641	P 13,911,583,901	P -	P 821,660,932	P 18,147,990,474

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by Company, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

28.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

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

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Year	More than Five Years	Total
December 31, 2023				
Advances from related parties	P 6,515,240,711	P -	P -	P 6,515,240,711
Trade and other payables*	2,356,234,583	-	-	2,356,234,583
Interest-bearing loans and borrowings	267,173,167	743,585,917	-	1,010,759,084
Stock subscriptions payable	-	-	95,662,500	95,662,500
Other current liabilities	1,030,693,439	-	-	1,030,693,439
	P 10,169,341,900	**P 743,585,917**	**P 95,662,500**	**P10,528,745,317**
December 31, 2022				
Advances from related parties	P 6,232,956,930	P -	P -	P 6,232,956,930
Trade and other payables*	1,831,988,902	-	-	1,831,988,902
Interest-bearing loans and borrowings	216,098,550	924,963,600	50,332,350	1,191,394,500
Stock subscriptions payable	-	-	95,662,500	95,662,500
Other current liabilities	880,176,450	-	-	880,176,450
	P 9,161,220,832	P 924,963,600	P 145,994,850	P10,232,179,282

**excluding payable to government agencies*

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

29.1 Carrying Amounts and Fair Values by Category

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

	Notes	2023 Carrying Amounts	2023 Fair Values	2022 Carrying Amounts	2022 Fair Values
Financial assets					
At amortized cost:					
Cash and cash equivalents	5	**P 3,709,338,325**	**P 3,709,338,325**	P 3,414,745,641	P 3,414,745,641
Trade and other receivables	6	**8,622,239,273**	**8,795,116,455**	6,846,409,503	6,967,668,729
Contract assets	18.2	**2,741,196,068**	**2,741,196,068**	2,583,113,379	2,583,113,379
Advances to related parties	24.1	**5,688,189,234**	**5,688,189,234**	5,303,721,951	5,303,721,951
		P 20,760,962,900	**P 20,933,840,082**	P 18,147,990,474	P 18,269,249,700
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	13	**P 850,000,000**	**P 850,000,000**	P 1,000,000,000	P 1,000,000,000
Trade and other payables*	14	**2,356,234,583**	**2,356,234,583**	1,831,988,902	1,831,988,902
Advances from related parties	24.1	**6,515,240,711**	**6,515,240,711**	6,232,956,930	6,232,956,930
Stock subscriptions payable	9.2	**95,662,500**	**95,662,500**	95,662,500	95,662,500
Other current liabilities	17	**1,030,693,439**	**1,030,693,439**	880,176,450	880,176,450
		P 10,847,831,233	**P 10,847,831,233**	P 10,040,784,782	P 10,040,784,782

**excluding payable to government agencies*

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position: Financial assets	Gross amounts recognized in the statements of financial position: Financial assets set-off	Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position: Financial instruments	Related amounts not set-off in the statements of financial position: Collateral received	Net amount
December 31, 2023						
Advances to related parties	**P 5,688,189,234**	**P -**	**P 5,688,189,234**	**P -**	**P -**	**P 5,688,189,234**
December 31, 2022						
Advances to related parties	P 5,303,731,622	(P 9,671)	P 5,303,721,951	P -	P -	P 5,303,721,951

The financial liabilities presented below with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		
	Financial liabilities	Financial liabilities set-off		Financial instruments	Collateral received	Net amount
December 31, 2023						
Interest-bearing loans and borrowings	P 850,000,000	P -	P 850,000,000	(P 243,849,512)	P -	P 606,150,488
Advances from related parties	6,515,240,711	-	6,515,240,711	-	(42,945)	6,515,197,766
	P 7,365,240,711	**P -**	**P 7,365,240,711**	**(P 243,849,512)**	**(P 42,945)**	**P 7,121,348,254**
December 31, 2022						
Interest-bearing loans and borrowings	P 1,000,000,000	P -	P 1,000,000,000	(P 124,599,560)	P -	P 875,400,440
Advances from related parties	6,232,956,930	-	6,232,956,930	-	(60,402)	6,232,896,528
	P 7,232,956,930	P -	P 7,232,956,930	(P 124,599,560)	(P 60,402)	P 7,108,296,968

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties including subsidiaries and associate) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis.

The Company has cash in a local bank to which it has an outstanding loan (see Note 13). In case of the Company's default on loan amortization, cash in bank amounting to P243.9 million and P124.6 million can be applied against its outstanding loans from the bank amounting to P850.0 million and P1,000 million as of December 31, 2023 and 2022, respectively.

30. FAIR VALUE MEASUREMENT AND DISCLOSURES

30.1 Fair Value Hierarchy

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

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

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

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

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

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

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

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

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2023 and 2022 approximate their fair value. Except for cash and cash equivalents which is classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

30.3 Fair Value Measurement of Non-financial Assets

The table below shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Land	P -	P -	P 40,828,183	P 40,828,183
Buildings and office/commercial units	-	-	4,689,378,913	4,689,378,913
	P -	**P -**	**P 4,730,207,096**	**P 4,730,207,096**
December 31, 2022				
Land	P -	P -	P 40,828,183	P 40,828,183
Buildings and office/commercial units	-	-	4,198,115,016	4,198,115,016
	P -	P -	P 4,238,943,199	P 4,238,943,199

The fair value of the Company's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Company uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are based on current market rentals for similar properties in the same location and condition.

As at December 31, 2023 and 2022, the fair value of the Company's investment properties is classified within Level 3 of the fair value hierarchy. The Company determines the fair value of the investment property using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Company may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Company monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, 2023, and 2022, the Company's ratio of interest-bearing loans and borrowings to equity is as follows:

	2023	2022
Interest-bearing loans and borrowings	**P 850,000,000**	P 1,000,000,000
Total equity	**28,111,755,777**	27,369,679,486
Debt-to-equity ratio	**0.03 : 1.00**	0.04 : 1.00

The Company's goal in capital management is to maintain a debt-to-equity structure ratio of not more than 1:1 on a monthly basis. This is in line with the Company's bank covenants related to its borrowings.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 13).

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below and on the succeeding page is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (see Note 13)	**Advances from Related Parties** (see Note 24.1)	**Lease Liabilities** (see Note 15)	**Accrued Interest Payable** (see Note 14)	**Total**
Balance as at January 1, 2023	P 1,000,000,000	P 6,232,956,930	P -	P 10,948s,000	P 7,243,904,930
Cash flows from financing activities:					
Repayment of loans and borrowings	(150,000,000)	(88,054,590)	-	(79,388,749)	(317,443,339)
Additional loans and borrowings	-	5,759	-	-	5,759
Non-cash financing activities –					
Accrual of interest	-	370,332,612	-	80,380,417	450,713,029
Balance as of December 31, 2023	**P 850,000,000**	**P 6,515,240,711**	**P -**	**P 11,939,668**	**P 7,377,180,379**

	Interest-bearing Loans and Borrowings (see Note 13)	Advances from Related Parties (see Note 24.1)	Lease Liabilities (see Note 15)	Accrued Interest Payable (see Note 14)	Total
Balance as at January 1, 2022	P 1,250,000,000	P 5,957,449,905	P -	P 5,565,312	P 7,213,015,217
Cash flows from financing activities:					
Repayment of loans and borrowings	(250,000,000)	(66,454,427)	-	(47,052,307)	(363,506,734)
Additional loans and borrowings	-	1,628,092	-	-	1,628,092
Non-cash financing activities –					
Accrual of interest	-	340,333,360	-	52,434,995	392,768,355
Balance as of December 31, 2022	P 1,000,000,000	P 6,232,956,930	P -	P 10,948,000	P 7,243,904,930
Balance as at January 1, 2021	P 1,183,333,352	P 5,713,136,239	P 59,644,201	P 1,535,405	P 6,957,649,197
Cash flows from financing activities:					
Repayment of loans and borrowings	(933,333,352)	(72,383,114)	-	(53,531,817)	(1,059,248,283)
Additional loans and borrowings	1,000,000,000	4,584,909	-	-	1,004,584,909
Non-cash financing activities –					
Derecognition of PFRS 16	-	-	(59,644,201)	-	(59,644,201)
Accrual of interest	-	312,111,871	-	57,561,724	369,673,595
Balance as of December 31, 2021	P 1,250,000,000	P 5,957,449,905	P -	P 5,565,312	P 7,213,015,217

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and on the succeeding pages are the supplementary information on taxes, duties and license fees paid or accrued during the taxable year 2023 which is required under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In 2023, the Company declared output VAT as follows:

	Tax Base	Output VAT
Sale of Real Estate Property		
Taxable sales	P 837,264,562	P 100,471,747
Exempt sales	775,037,661	-
	1,612,302,223	100,471,747
Rendering of Services		
Rental Income		
Taxable sales	105,247,879	12,629,746
Commission Income	7,338,655	880,639
Management Fee	27,493,062	3,299,167
	140,079,596	16,809,552
Other Operating Income		
Other Income		
Taxable sales	256,181,344	30,741,761
Zero-rated sales	12,589,091	-
Interest Income	357,785,753	42,934,290
	626,556,188	73,676,051
	P 2,378,938,007	P 190,957,350

The Company's exempt sales/receipts were determined pursuant to Section 109, *VAT Exempt Transactions*, of the 1997 National Internal Revenue Code.

The Company's zero-rated sales/receipts were determined pursuant to Section 108, *VAT on Sale of Services and Use or Lease of Properties*, of the 1997 National Internal Revenue Code.

The tax bases for sale of real estate property, rendering of services and other operating income are based on the Company's gross receipts for the year; hence, may not be the same as the amounts reflected in the 2023 statement of comprehensive income.

The output VAT is set-off against input VAT.

(b) Input VAT

The movements in input VAT in 2023 are summarized below.

Balance at beginning of year	P 322,854
Services lodged under other accounts	176,450,816
Goods other than for resale or manufacture	7,999,260
Allocated to exempt sales	(4,016,787)
Capital goods not subject to amortization	1,475,310
Services rendered by non-residents	527,855
Applied against output VAT	(182,752,368)
Balance at end of year	P 6,940

The Input VAT is presented as part of Prepayments and Other Current Assets account in the 2023 statement of financial position. Unamortized portion, which is also presented as part of Input VAT, amounted to P0.006 million.

(c) Taxes on Importation

The Company did not have any importations in 2023.

(d) Excise Tax

The Company did not have any transactions in 2023 which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

The Company did not have any transactions in 2023 which are subject to DST.

(f) Taxes and Licenses

The details of Taxes and Licenses in 2023 account are broken down as follows:

Real estate taxes	P 52,091,829
Deficiency taxes	15,001,862
Business tax	8,928,353
Annual registration fee	8,500
Others	35,006
	P 76,065,550

Taxes and Licenses account is presented under Costs and Expenses section of the 2023 statement of comprehensive income.

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2023 are shown below.

Expanded	P 63,435,251
Compensation and employee benefits	45,301,878
Final	1,099,699
	P 109,836,828

(h) Deficiency Tax Assessments and Tax Cases

In 2023, the Company paid deficiency taxes for the taxable year 2021 amounting to P15.0 million and is presented as part of Taxes and Licenses account under Costs and Expenses section of the 2023 statement of comprehensive income.

As of December 31, 2023, the Company does not have any final deficiency tax assessments with the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards of Auditing, the financial statements of Empire East Land Holdings, Inc. (the Company), for the year ended December 31, 2023, on which we have rendered our report dated February 23, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Reconciliation of Retained Earnings Available for Dividend Declaration; and,

b. Map Showing the Relationship between and among the Company and its Related Entities.

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

EMPIRE EAST LAND HOLDINGS, INC.

(A Subsidiary of Megaworld Corporation)

2nd Floor, Kasara Urban Resort Residences, Tower 2, P. Antonio St., Barangay Ugong, Pasig City

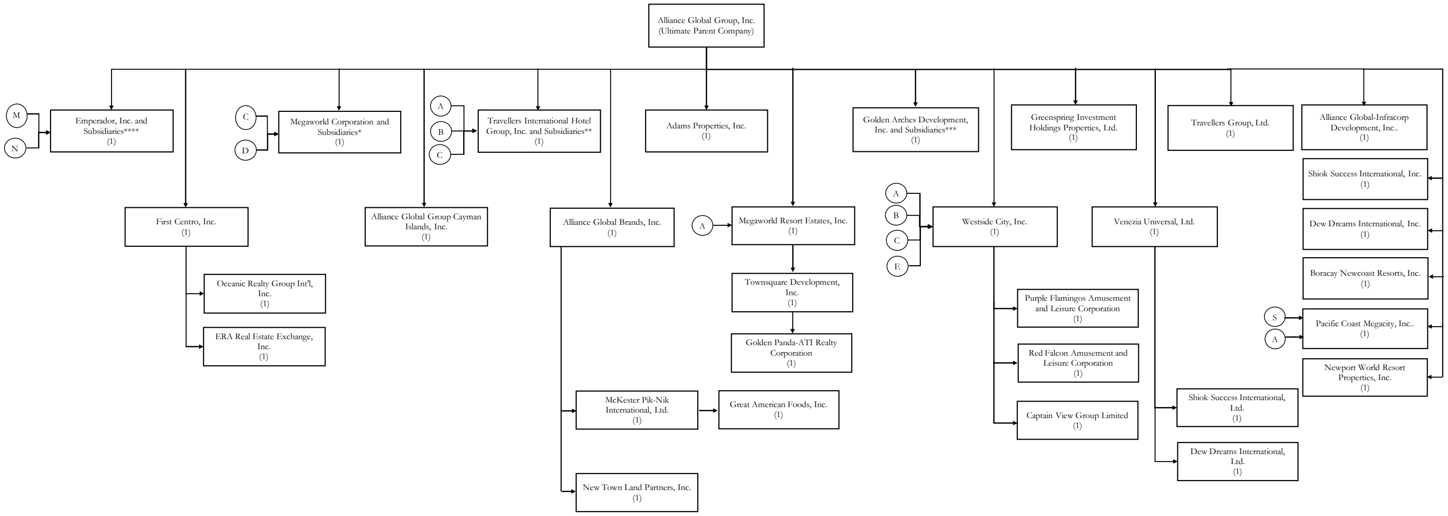
Reconciliation of Retained Earnings Available for Dividend Declaration

For the Year Ended December 31, 2023

Unappropriated Retained Earnings Available for Dividends Declaration at Beninning of Year	P	7,928,983,146
Net Income for the Current Year		819,897,726
Other Items		
Net movement of deferred tax asset	(	13,983,010)
Net movement of deferred tax asset and deferred tas liabilities related to same transaction *		7,065,518
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**8,741,963,380**

*Related to right-of-use assets

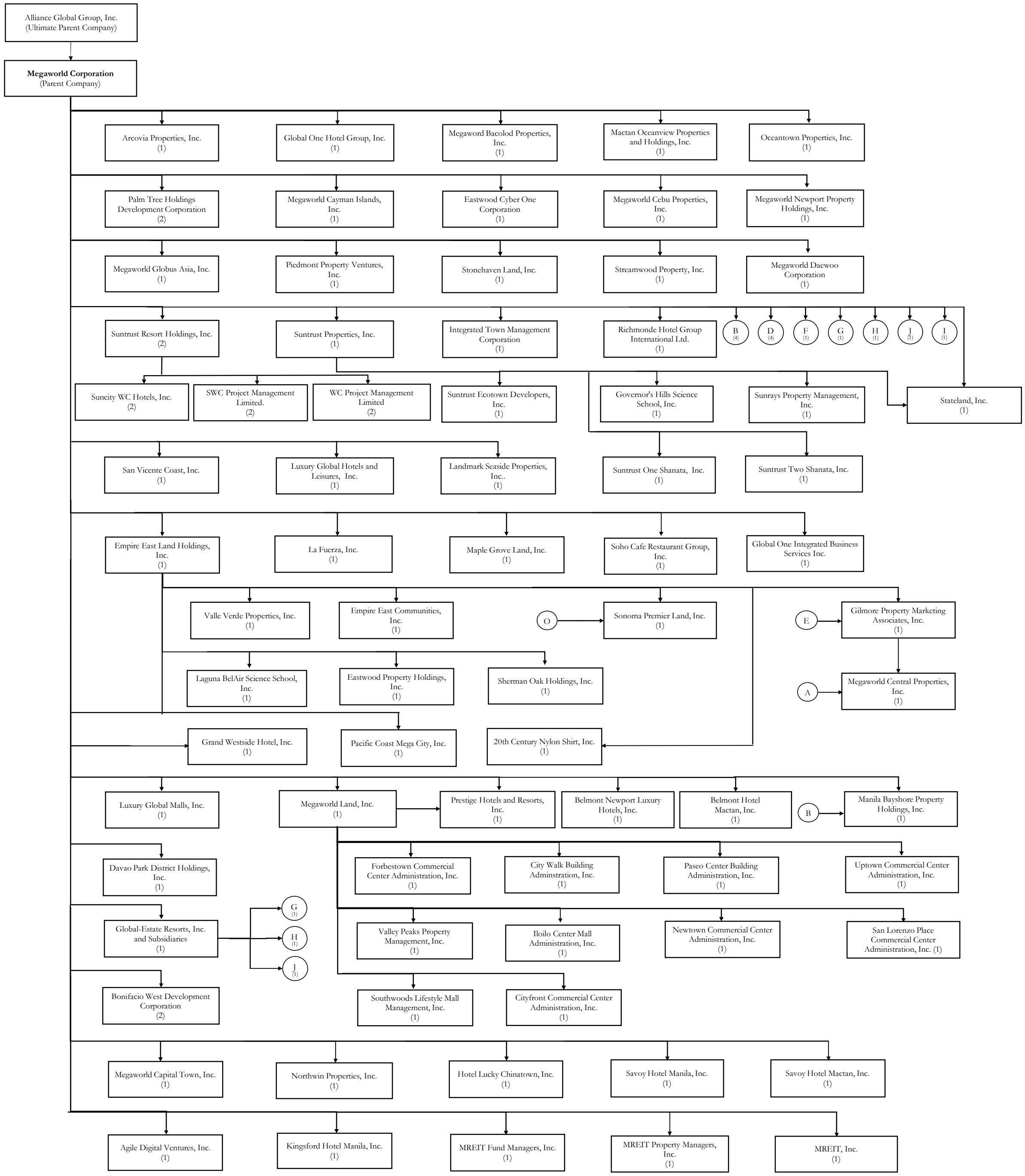
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2023



Legend

(1)	Subsidiary	A	Megaworld Corporation	F	Manila Bayshore Property Holdings, Inc.	K	Megaworld Global Estates, Inc.	P	Sonoma Premier Land, Inc.		
(2)	Associate	B	Adams Properties, Inc.	G	Westside City Resorts World, Inc.	L	Megaworld Central Properties, Inc.	Q	Gilmore Property Marketing Associates, Inc.		
(3)	Jointly Controlled Entity	C	First Centro, Inc.	H	Townsquare Development, Inc.	M	Shiok Success International, Ltd.	R	Emperador Inc.		
		D	Newtown Land Partners, Inc.	I	Megaworld Resort Estates, Inc.	N	Dew Dreams International, Ltd.	S	Empire East Land Holdings, Inc.		
		E	Travellers International Hotel Group, Inc.	J	Twin Lakes Corporation	O	Southwoods Mall, Inc.	T	Suntrust Home Developers, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2023



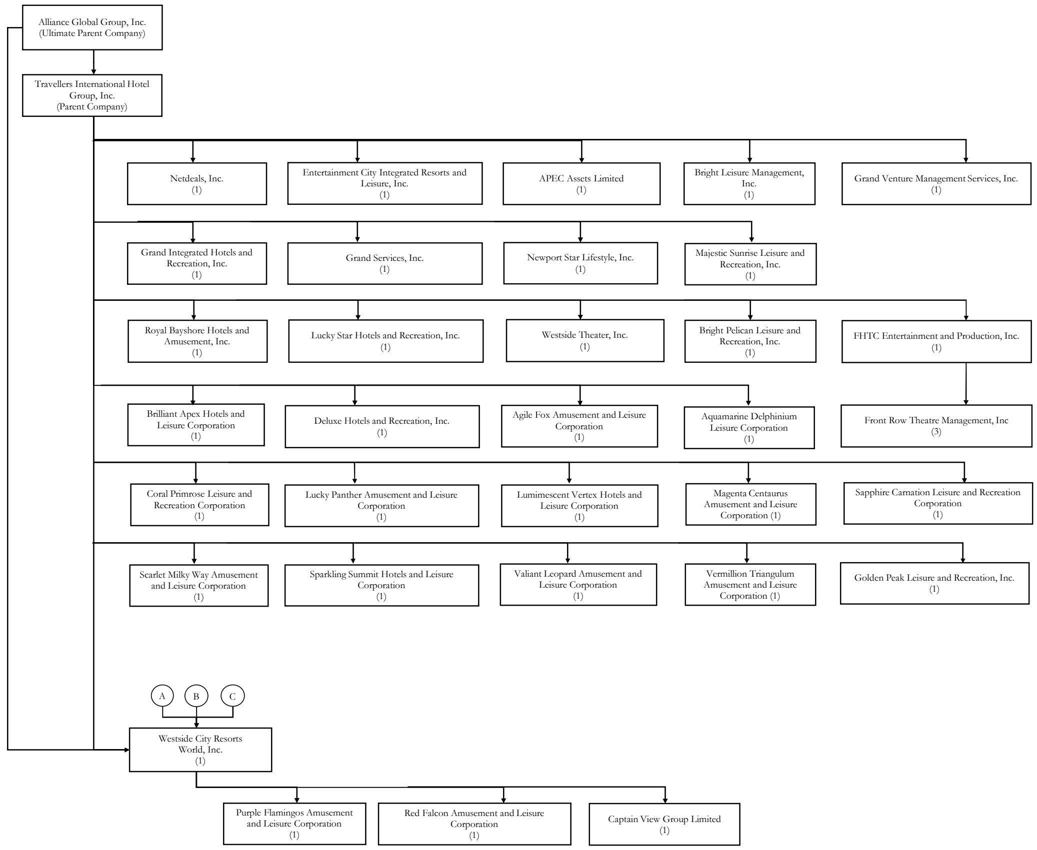
Legend

Relationship with Megaworld Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	E	Townsquare Development, Inc.	I	Megaworld Central Properties, Inc.	M	Empire East Land Holdings, Inc.
B	Travellers International Hotel Group	F	Megaworld Resort Estates, Inc.	J	Southwoods Mall, Inc.	N	Suntrust Resort Holdings, Inc.
C	Manila Bayshore Property Holdings,	G	Twin Lakes Corporation	K	Sonoma Premier Land, Inc.	O	First Centro, Inc.
D	Westside City Resorts World, Inc.	H	Megaworld Global Estates, Inc.	L	Gilmore Property Marketing Associates, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2023



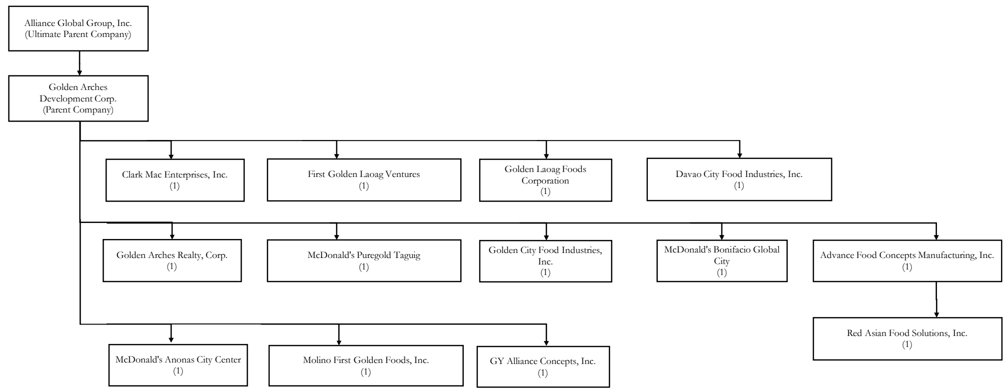
Legend

Relationship with Travellers International Hotel Group, Inc.

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2023



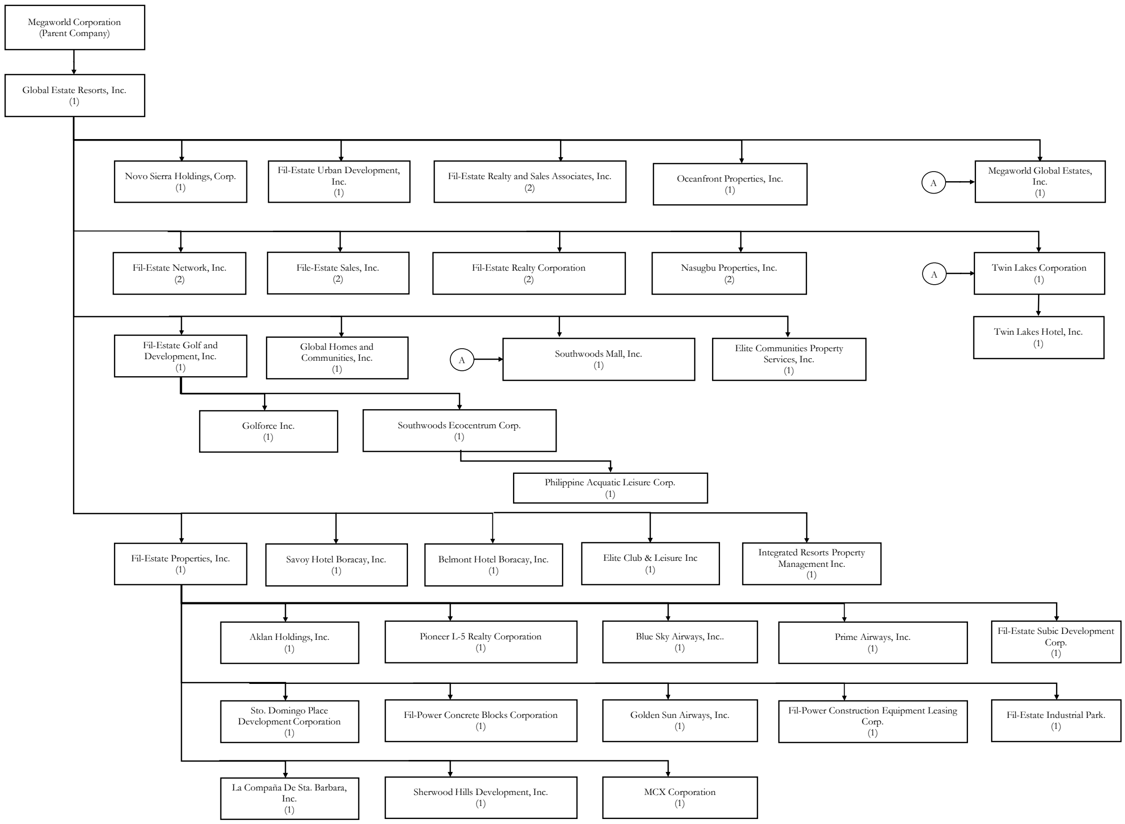
Legend

Relationship with Golden Arches Development Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2023

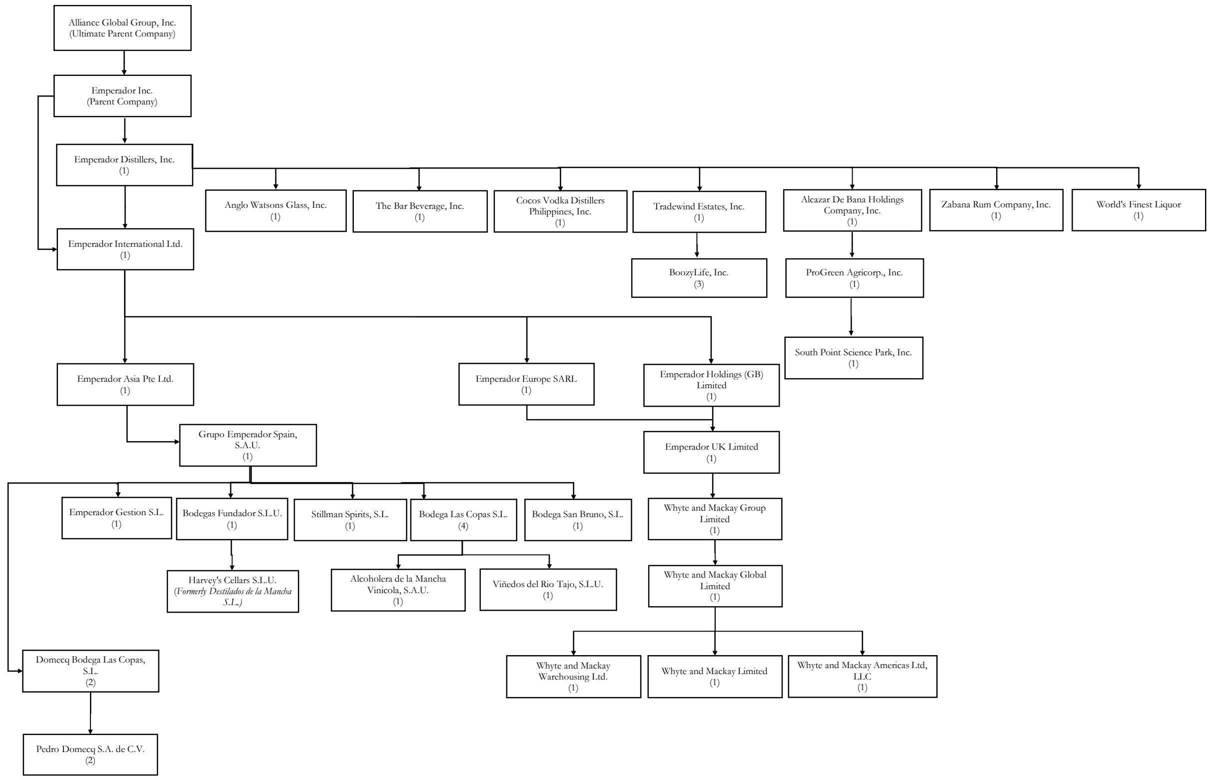


Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2023



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (51%)
(4) Jointly Controlled Entity

Exhibit 2

Sustainability Report for 2023

EMPIRE EAST LAND HOLDINGS, INC

2023 ESG REPORT

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	Empire East Land Holdings, Inc. and subsidiaries (the Group)
Location of Headquarters	2nd Floor, Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City 1604 Metro Manila
Location of Operations	Metro Manila, Rizal, Laguna
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Empire East Land Holdings, Inc. (EELHI, Empire East, or the Company) Subsidiaries: Eastwood Property Holdings, Inc. (EPHI) - 100% owned
Business Model, including Primary Activities, Brands, Products, and Services	The company specializes in transport-oriented, townships, and resort-type developments and marketing of residential communities and condominiums, primarily catering to the middle-income market segment.
Reporting Period	January 1, 2023 - December 31, 2023
Highest Ranking Person responsible for this report	Lino P. Victorioso, Jr. Chief Financial Officer, Corporate Information Officer and Compliance Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
To identify the material topics of Empire East Land Holding Inc. (EELHI), actual and potential positive and negative impacts of the Group were first identified according to the previous year's material topics and other relevant resources such as Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and United Nations Environment Programme (UNEP). The significance of the impacts was then assessed and verified by the sustainability lead/team/representatives of the Group, followed by its top management. Material topics were then extracted from the list of significant impacts and approved and finalized by the top management. The process employed is a three-step approach developed following the Consolidated Set of the GRI Standards 2023. A limitation to the process is that Empire East did not conduct a survey to assess significance of impacts as suggested in GRI 2022 as the Company has just identified its material topics in 2021. EELHI's eighteen (18) material topics are organized into four (4) categories this year: Economic, Social, Governance, and Environment. The Group's Material Topics this 2023 is composed of the following: ECONOMIC • Anti-corruption • Procurement Practices SOCIAL • Diversity and equal opportunity • Employee training and education • Workforce health and safety • Customer satisfaction • Human rights (laborers) • Community impact of developments • Supplier management GOVERNANCE • Stakeholder Management • Strategies and Policies • Business ethics and integrity ENVIRONMENT - Design for resource efficiency • Water • Waste management • Energy • GHG emissions • Climate change • Material Consumption

[1] See *GRI 102-46* (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount		Units
	2022	2023	
Direct economic value generated (revenue)	4,707	5,203	mPhP
Direct economic value distributed:			
a. Operating costs	7,073	6,119	PhP
b. Employee wages and benefits	398	431	mPhP
c. Payments to providers of capital (Dividends given to stockholders and interest payments to loan providers)	47	79	mPhP
d. Payments to government (Taxes given to government)	333	306	mPhP
e. Community investments (e.g. donations, CSR)	.11	.76	mPhP

For 2023, the goal of Empire East to boost sales and reduce operating costs remains. By continuously monitoring the financial performance to mitigate potential negative impacts, the economic goal was realized through strategic target setting, ensuring that controls are in place and proper communication of targets and plans to employees.

Empire East's better economic performance this year resulted in a direct positive impact on the economy, the country's development, and nation-building through the contribution to growth, sustainability, and employee benefits. With this success, Empire East is bound to have the capacity to invest in the green movement (e.g. renewable energy investment facilities) that will benefit the environment, and provide sustainable benefits to stakeholders.

The Group's objectives when managing capital are the following: (1) to safeguard the Company's ability to continue operations in order to provide sustainable returns for shareholders and benefits for other stakeholders and (2) to maintain an optimal capital structure to reduce the cost of capital. In addition, it continuously seeks to streamline and improve its processes to reduce non value adding tasks and reduce operating costs.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

The commitment of Empire East with regard to procurement policies include the procurement from vendors that comply with government policies and requirements, patronize local suppliers, prohibition of purchasing staff to accept favors from suppliers, and to continuously expand the pool of suppliers.

As part of its commitment, Empire East procures 100% of its supplies locally and is continuously expanding its pool of suppliers in the country to contribute to the growth of local businesses and the economy. EELHI's suppliers undergo various annual departmental assessments and screening to be able to operate with the group. All suppliers must have proper business permits and must submit the necessary documents to assess operational stability, legality, and equitability. Non-compliance may result in being banned from the company.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	Not Available	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

The Group established a code of conduct in place, which has been effectively communicated to all employees. Government dealings are closely managed and employees are instructed to process requirements with care and due time and diligence to avoid any involvement in any corrupt behavior.

Each employee is expected to observe the highest standards of business ethics. As part of their onboarding process, all employees have been oriented with the Group's codes of conduct- provided references through its employee online portal, and given periodic reminders. An employee cannot engage in any activity which would create conflict or interfere with the performance of his responsibilities.

Furthermore, the organization values all information received from whistleblowers and/or anonymous sources. It encourages all stakeholders to communicate, confidentially and without the risk of reprisal, all legitimate concerns about illegal, unethical, or questionable practices and transactions entered by any of its employees and officers.

A Related Party Transaction (RPT) policy is in place to ensure that all RPTs of EELHI, its subsidiaries, and affiliates, and other related entities or persons are conducted at arm's length, fair, and inure to the best interest of the Company, its subsidiaries, and their shareholders. A board has been assigned to manage these dealings and to ensure that those with significant impact are reported to the public.

In addition to fair and transparent RPT policy, the Group has also established strict guidelines regarding gift giving to parties with whom they do business with or come in contact through work unless within the bounds of proper and ethical behavior.

ENVIRONMENT

Resource Management

The Company views energy efficiency as a business imperative. In the construction of their integrated townships and pioneering lifestyle concepts with the goal of sustainability in mind, it ensures the implementation of policies and energy usage recommendations that meet local regulations.

Empire East's project operations adheres to comply with the requirements of the Philippine Green Building Code, which promotes resource management efficiency and site sustainability. The Design and Construction Management Group is responsible for ensuring compliance with the Philippine Green Building Code requirements, in collaboration with third-party technical consultants and contractors. Contractors identify and implement energy conservation measures in their projects, while the design team works with the technical consultants in identifying energy-efficient designs.

Energy Consumption

Disclosure	Quantity		Units
	2022	2023	
Energy consumption (gasoline)	10.36	136.40	GJ
Energy consumption (diesel)	971.22	1,161.58	GJ
Energy consumption (electricity)	3,367.88	4,057.88	GJ
Total energy consumption	4,349.46	5,355.86	GJ

Reduction of Energy Consumption

Disclosure	Reduction of energy		
	2021-2022	2022-2023	Units
Energy reduction (gasoline)	63.37	-126.04	GJ
Energy reduction (diesel)	-90.16	-190.36	GJ
Energy reduction (electricity)	-284,665.82	-191,667.77	kWh
	-1,024.80	-690	GJ
Total energy reduction	-1,051.59	-1,006.40	GJ

To achieve the Company's energy efficiency goals, PMG provides engineers with training to become Pollution Control Officers (PCOs) to comply with DENR and other regulatory bodies' requirements. Additionally, sites work with service providers in maintaining the operation of generator sets. Furthermore, the organization was able to convert all lights to LED.

Water Consumption

Disclosure	Quantity		Units
	2022	2023	
Water withdrawal	1,299.80	1,922.88	Megaliters
	1,299,795.71	1,922,880	m^3
Water discharge	692.53	541.99	Megaliters
	692,525.71	541,992.47	m^3
Water consumption	607.27	1,380.89	Megaliters
	607,270	1,380,887.53	m^3
Water recycled and reused	N/A	6,576.04	m^3
Percent of water recycled	N/A	0.34	%

Construction and real estate developments have strong demand for water resources starting from the development phase to operation. Developments also produce effluents that pose a threat to water bodies. With this, it is imperative that those in the business employ water conservation measures, as well as effective effluent management policies.

Empire East withdraws water from a deep well and third-party sources like Maynilad and Manila Water for its project construction, fire water reserve, recreational water facilities such as pools and fountains, office and household use, cleaning, and maintenance. The organization has cistern tanks storage and elevated water tanks for water storage.

EELHI project site teams work with the contractors in the identification of possible water conservation measures which includes regular maintenance of water pipelines, cistern tanks, and regular water potability tests.

The Group also ensures that effluents are within the parameters before discharge to water bodies through the provision of guidelines in ensuring proper wastewater discharge. PCOs conduct frequent visits to the STPs as well and coordinate closely with the deployed technician of the service provider to ensure proper handling of chemicals used to treat effluents. In addition, engineers and PCOs continuously review and monitor the operation of STPs on all sites to ensure efficient operation and on-time submission of effluent reportorial requirements.

During the design stage for each development, the Company takes into account relevant sanitary and plumbing codes, as well as the Department of Environment and Natural Resources (DENR) environmental guidelines. Empire East complies with regulations set in DAO 34 and 35, DAO 2016-08. Wastewater is siphoned and processed by a third-party Company before its discharge to surface water in Laguna Lake, Manila Bay, and the Pasig River.

Developments also have the obligation to provide safe water for use by building occupants, and site maintenance as access to clean and safe water is a human right. For this, EELHI ensures that water stored in its facilities is safe for domestic use within its developments.

Materials used by the organization

Disclosure	Quantity	Units	Amount (kg)
Materials used by weight or volume			
• Renewable			
Paper	750	reams	1,868
Folders	6,000	pcs	150
• Non-renewable*			
Construction stage			
Cement	403,768	bags	20,188,366
Ceramic tiles	205,440	pcs	228,038
Paint	2,995	sqm	17,732
Gypsum Board	11,920	sqm	297,989
PVC Pipes	235,862	m	37,738
Reinforcing steel bars	8,103,409	kgs	8,103,409
Wood (doors and cabinets)	42,586	kgs	42,586
Glass	153,968	kgs	153,968
Wires	5,236,677	lm	200,402
Steel pipes	22,191	m	248,539
Property Operation Stage			
Fluorescent Lights	3,360	pcs	2,560
LED Lights	7,000	pcs	238
Paint	2,731	gls	10,338
Magnetic Contactors	100	pcs	15
Ink	782	bot	55
		TOTAL	29,533,991
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%	

**The quantities of non-renewable materials listed above are estimated only.*

The materials that EELHI use are monitored and managed by department staff from the Design and Construction Management Group, as well as third-party technical consultants, as part of the Company's commitment to design for resource efficiency. Empire East also provides Design Terms of Reference which serves as a guide in ensuring that all designs are in compliance with sustainability goals.

A highlight of resource efficiency this year is the effort of the Property Management Group (PMG) in decreasing paper usage through the implementation of online transactions for form applications and payments. PMG rolled out the PMG mobile and web applications (E-PrOS) to all managed properties, and has started promotion of the application to the residents to convert majority of administrative-related transactions which use physical forms to digital. Engineers deployed to each site monitor the maintenance and replacement of busted lights as well as the implementation of the usage of LED lights.

Environmental Impact Management

Air Emissions

Disclosure	Quantity		Units
	2022	**2023**	
Direct (Scope 1) GHG Emissions	75.44	95.84	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	666.28	802.78	Tonnes CO_2e
Energy indirect (Scope 3) GHG Emissions	9,903.28	6,315.98	Tonnes CO_2e
Total GHG Emissions	10,645.00	7,214.60	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	n/a	n/a	Tonnes

Empire East's greenhouse gas emissions are derived from two components. The first component is the consumption of energy derived from non-renewable resources such as diesel and gas for diesel generator sets, and owned transportation The second component is organizational operations from the consumption of purchased electricity. One hundred percent of the electricity was purchased from the grid. Property Development Division engineers and PCOs run a five-minute no-load test on each generator set each week to limit emissions to reduce emissions and its potential negative impacts. Additionally, they deploy monitoring sheets for generator set operations in order to track their performance.

By routinely examining and upgrading its computation techniques, Empire East is able to accurately track and report its emissions, identify areas for improvement, and get closer to a Net Zero future.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity						Units
	2022			2023			
	Property Operation	Construction Stage	Total	Property Operation	Construction Stage	Total	
WASTE GENERATED (306-3)							
Total waste generated	**2,067,968**	**16,666,800**	**18,734,768**	**19,071,830**	**7,900,930**	**26,990,990***	**kg**
Non-hazardous	2,066,350	16,666,800	18,733,150	19,069,240	7,900,930	26,988,400*	kg
Hazardous	1,618		1,618	2,590		2,590	kg
WASTE DIVERTED/WASTE PREVENTED (306-4)							
Total waste diverted from disposal	**1,370**	**-**	**1,370**	**771,030**	**1,811,930**	**2,601,190***	**kg**
Hazardous (TOTAL)	**-**	**-**	**-**	**30**	**0**	**30**	**kg**
Reusable / Preparation for reuse	-	-	-				kg
Recyclable / Recycling	-	-	-				kg
Composted	-	-	-				kg
Incinerated	-	-	-				kg
Non-hazardous (TOTAL)	**1,370**	**-**	**1,370**	**771,000**	**1,811,930**	**2,601,160***	**kg**
Preparation for reuse	1,370	-	1,370				kg
Recycling	-	-	-				kg
Other recovery operations	-	-	-				kg
WASTE DIRECTED TO DISPOSAL (306-5) / (Residuals/Landfilled)							
Total waste directed to disposal	**2,066,598**	**16,666,800**	**18,733,398**	**18,300,800**	**6,089,000**	**24,389,800**	**kg**
Hazardous (TOTAL)	**1,618**	**-**	**1,618**	**2,560**	**-**	**2,560**	**kg**
Other disposal operations	1,618	-	1,618				kg
Non-hazardous (TOTAL)	**2,064,980**	**16,666,800**	**18,731,780**	**18,298,240**	**6,089,000**	**24,387,240**	**kg**
Other disposal operations	2,064,980	16,666,800	18,731,780				kg

The total amount of wastes also includes scrap metals which are neither categorized as Property Operation nor Construction Stage

Wastes are generated both by the Company's activities and from its upstream value chain. These are food wastes, discarded construction material packaging, and damaged materials, which include cartons, plastics, debris, plywoods, and other scrapped materials generated during construction. To reduce EELHI's waste, most specifically paper, the Group has been continuously transitioning to digital application of forms. In addition, monitoring by housekeeping personnel for garbage cans and hazardous wastes are regularly done. They also present recommendations for pickup of hazardous wastes in board meetings.

These hazardous materials include busted lights installed in common areas. Broken fluorescent lights are considered hazardous waste as it may release a small percentage of mercury. For this, EELHI employs Pollution Control Officers who ensure that temporary storage facilities for busted lights and garbage rooms are always in order. They likewise ensure that these wastes are picked up by accredited hazardous waste collectors for proper handling and disposal.

Other construction and office wastes are sold to third-party buyers for recycling and processing such as excess metals, and PVC pipes. The purchasing department also contracts third-party services to sell or dispose of scrap metals.

Wastes generated by unit owners and residents are put in the MRFs and are segregated and collected daily by garbage collectors. Third party collectors keep individual records of waste collection in the properties as the information may be requested by the associations for monitoring and recording purposes.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	n/a
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	n/a
No. of cases resolved through dispute resolution mechanism	0	n/a

The Company maintains strict compliance with the codes and requirements of all regulatory agencies, both in the design of projects and during their construction. The Company works with contractors to ensure that full compliance with the requirements of the regulatory body, such as the Environmental Compliance Certificate (ECC) issued by DENR or Laguna Lake Development Authority (LLDA), is implemented. These are laid out in the contracts of both their technical consultants and contractors. Department professionals from the Design, Pre-Construction, and Construction Management Groups, as well as technical consultants and contractors, are in charge of this.

Empire East has made small but significant improvements in assessing vendors' credentials based on environmental compliance. The Company's pre-qualification parameters remained the same, but it actively disqualified companies during the Background Investigation stage upon obtaining proof of legal cases relative to human rights, forced labor, environmental penalties, etc. The PDD has also put more weight on financial capacity and the capability of key personnel—in doing so, the Company can check certificates concerning environmental compliance, personnel training on environmental causes, etc.

The Company has enforced requests to submit training certificates, environmental certificates, compliance certificates, and any other related ecological standards compliance documents during accreditation. This will ensure that the Company's vendors meet the highest environmental and social sustainability standards.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity		Units
	2022	2023	
Total number of employees[2]	569	648	#
a. Number of female employees	305	379	#
b. Number of male employees	264	269	#
Percentage of female employees	53.60	58.49	%
Percentage of male employees	46.40	41.51	%
Attrition rate[3]	-0.0114	24.12	rate
Ratio of lowest paid employee against minimum wage	1.04:1	1.03:1	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	9.50%	11.15%
PhilHealth	Y	3.96%	4.09%
Pag-IBIG	Y	5.54%	8.55%
Parental leaves	Y	4.75%	6.32%
Vacation leaves	Y	100%	100%
Sick leaves	Y	47.23%	75.46%
Medical benefits (aside from PhilHealth)	Y	36.41%	21.93%
Housing assistance (aside from Pag-IBIG)	Y	0.79%	1.86%
Retirement fund (aside from SSS)	Y	0.37%	0.53%
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	Y	1.32%	1.12%
Flexible-working Hours	N	0	0

Empire East is committed to provide opportunities and decent work to its growing workforce. It likewise established and adheres to fair and non-discriminatory hiring and promotion practices. In addition, the Group implements equal opportunity policies to ensure diversity and inclusion in the workplace. As such, Empire East provides a range of benefits to regular employees, training opportunities, and a safe and inclusive workplace.

[2] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[3] Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Empire East's approach to hiring stems from its commitment to SDG 8, supporting inclusive and sustainable economic growth, full and productive employment, and decent work for all. Moreover, to maintain a healthy balance and support SDG 5 Gender Equality, Empire East employs a healthy mix of male and female staff.

Employee Training and Development

Disclosure	**Quantity**	**Units**
	2023	
Total training hours provided to employees		
a. Female employees	521.5	hours
b. Male employees	399	hours
Average training hours provided to employees		
a. Female employees	1.38	hours/employee
b. Male employees	1.48	hours/employee

Training and development impact the company employees' productivity and its services to stakeholders. It also provides company leaders with updated knowledge relevant to the business, thus, generating meaningful decisions on operations and stakeholder transactions. It likewise affects the employees' productivity. As employee skills and performance are enhanced, it also contributes to employee satisfaction and motivation, as well as personal and career development.

The Human Resources department is in charge of offering knowledge transfer related to employees' benefits, including health programs, compensation, and employee rights. EELHI allows each department to assess its personnel training needs in relation to its core competencies. The department then establishes training objectives and conducts any necessary upskilling.

The organization offers evaluation forms following the training and does routine checks on the KPIs pertinent to individual tasks to evaluate the success of the Company's training and development. There is also a conduct of performance appraisal twice a year that is used to measure effectiveness of training through employees' performance. Employee promotion recognizes high performing employees and advances them to a position with significant greater responsibilities within the same grade.

Labor-Management Relations

Disclosure	**Quantity**	**Units**
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

The Company acknowledges that a timely discussion on policy changes and listening to employees' suggestions impact employees, providing a positive working environment, reducing turnover, and minimizing work disruptions.

The organization's consultation practices are given priority under all circumstances. As a result, the HR department has developed a grievance policy that keeps internal conversations rolling about how to improve and serve the needs of both employers and employees.

Employees are free to approach the HR department to communicate any problem concerning working conditions. A grievance committee is then selected to hear the cases filed and provide the necessary solutions as quickly as possible. As a Group that adheres to labor law and standards, it strives to provide solutions during this process.

The Company also ensures that the higher management discusses any significant operational changes with Department Heads before implementation. They give employees time prior to the implementation of significant operational changes that could substantially affect them. A core group is also created to cascade and immediately disseminate to all departments for significant operational changes.

The company has established various employee groups, including email and social media groups, to inform employees of these changes in company policies and other relevant news. Additionally, Empire East conducts regular dialogue, meetings, surveys, and focus group discussions on gathering employee feedback and opinions.

Empire East fosters open communication channels and actively seeks employee feedback to ensure that all employees are involved and informed, and that their opinions are heard.

Diversity and Equal Opportunity

Disclosure	Quantity		Units
	2022	2023	
% of female workers in the workforce	53.60	58.49	%
% of male workers in the workforce	46.40	41.51	%
Number of employees from indigenous communities and/or vulnerable sectors*	0	0	#

EELHI is committed to promoting diversity, eliminating gender bias, and supporting equal opportunity by making no distinction between task assignments and remaining open to collaborating with people based on knowledge, experience, personal goals, potential value, and skills. EELHI does not discriminate against any gender and provides equal opportunities for employment, development, and success, thereby reaching more people.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity		Units
	2022	2023	
Safe Man-Hours	4,857,198	3,258,005	Man-hours
No. of work-related injuries	0	4	#
No. of work-related fatalities	0	0	#
No. of work-related ill-health	0	0	#
No. of safety drills	11	7	#

With building construction as a major component of the business, the Company prioritizes the overall safety of projects.

In construction sites, the Company conducts weekly safety meetings to discuss compliance with policies and instructions based on Occupational Safety and Health (OSH) standards and other project safety concerns to ensure the quality of these processes. Empire East also ensures sufficient on-site certified safety officers, nurses, and crew, based on the number of personnel.

The Property Development department ensures that all parties involved have the awareness and same prioritization on safety during construction. The contractor's duty for this aspect is expressly stated under the terms of his contract with Empire East. Contractors hired must be qualified and capable of implementing a good safety program for the project. They go through pre-qualification inspections and review contractors' track records on the safety aspect.

The safety group conducts daily routine inspections and completes safety checklists to ensure that hazards are eliminated and risks are minimized. Safety work permits, such as Hot Work permits, are also in place to verify that the correct equipment and area safety is in order. Contractors are required to submit their health and safety plans to ensure that health and safety services are available to all workers. Implementation is regularly checked by our organization.

In construction sites, all contractors are mandated to have their workers covered by Philhealth. In addition, workers are also covered with accident insurance. Empire East direct employees are covered by Philhealth, HMO & Life Insurance. The Annual Physical Exam also allows employees to check their overall health.

At Empire East, it is imperative to strive every day to create a safe and pleasant workplace environment, ensuring the safety and health of employees in the workplace following the Labor Standards Act, Industrial Safety, and occupational safety and health regulations. With this, the Company has formed a Health & Safety Committee with representatives from different departments.

Workers report on work-related hazards and hazardous situations through daily toolbox meetings conducted by the project Health and Safety Committee (HSC). Here, the committee gives out instructions and reminders to all workers and encourages them to speak up about issues they believe should be discussed regarding work execution and overall safety and security. Group (subcontractor) representatives, designated safety officers, project-in-charge, and foremen, are required to attend HSC weekly safety meetings.

The health and safety measures that are being implemented are based on plans that have been approved by the Department of Labor. Additionally, workers' input and concerns made at toolbox meetings are used to improve these plans and programs.

Construction Safety and Health Seminar (COSH) Training for Safety Officers is a mandatory course designed to impart knowledge & skills on basic concepts & principles of occupational safety and health to enable Safety Officers (SO2-certification) to implement their respective offices' safety and health. Although not fully required, COSH training is also recommended for technical staff.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Empire East supports SDG 8 which protects children from abuse and exploitation is reflected not only in its social activities but also in its internal policies and practices. As an example, the Company assures that any reports on violations across our business are monitored and only eligible applicants are employed. The hiring process defines the eligibility of future employees according to age. The Company ensures that proper personal documents are submitted to verify the age and eligibility of a probable applicant.

Empire East's project leaders choose partners that are legally bound to labor laws. They are as equally committed to eliminating any form of child labor just as the Company. Empire East ensures that the companies they work with have proper documentation submitted prior to hiring or working.

Overall, Empire East’s policies show commitment to preserving labor laws and human rights and protection of children from abuse and exploitation.

The table below shows whether Empire East has policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace:

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	Y	It is in the handbook and in compliance with law.
Child labor	Y	In hiring, policy dictates that employees provide proper identification detailing the accurate date of birth. This is strictly enforced by our recruitment team minimum age requirement
Human Rights	Y	Listed in the Company’s Employee Code of discipline, violations such as provoking quarrel, acts of intimidation and harassment among others are classified as very serious offenses that can be grounds for suspension and termination. Kindly refer further to the EELHI Code of Discipline, Parts II and IV

Empire East has a human rights policy stated in the Company Code of Discipline, Parts II and IV. The Board shall ensure the Company’s faithful compliance with all applicable laws, regulations, and best business practices (Section 2.2.6, Code).

Supply Chain Management

The table below shows whether the Company considers the following sustainability topics when accrediting suppliers:

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Part of the accreditation process is to require suppliers to submit a copy of various permits issued by government agencies
Forced labor	Y	The company incorporated the age bracket question on its vendor forms to make sure it's not working with minors. For PDD, they have categories on Forced Labor and Human Rights
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	Empire East discourages bribes or gifts from suppliers as written in its code of ethics.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
N/A					

**Vulnerable sectors include children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: *Not applicable*

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

Empire East is a public Company that serves a community of various stakeholders. As an active member of society, Empire East has a responsibility to help promote what it truly values: community growth, resilient cities, and safe and inclusive areas that enable people to thrive.

By building sustainable homes in specific locations, Empire East is one with the Local Government Units (LGUs) in its goal to implement and promote a comprehensive land use program that adheres to its residents' rights to access valuable touchpoints that contribute to their city living needs. Empire East's core purpose is to help provide sustainable homes to support the growth of Filipino families. They also value the role of the family in nation-building and the contribution of the youth to this cause. Families also include small children to seniors. Since the properties will be permanent structures on the areas they will be built, it will affect the movement and encourage the attraction of various foot traffic within the area.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

The company also engages in various CSR activities advocating for social accountability and enhancing the environment and society as a whole.

Customer preferences were changed by the pandemic as more clients now prefer to engage in online transactions. EELHI successfully adapted to this change by the creation of online client/buyer portals where they can raise issues directly addressed to the customer relations group for timely resolution.

Empire East created a central customer grievance bank where any complaint may be formally filed, evaluated, and acted upon. The Company also launched digital tools that aimed to optimize tasks and support a more connected and concerned brand of service to all stakeholders.

Moreover, Empire East prioritized the health of their homebuyers by campaigning for herd immunity to ensure that any client who wishes to conduct business personally will not be compromised in health. In addition, the Company implemented virtual walkthroughs and digital project presentations to engage homebuyers effectively should they also choose to learn more about products without needing to go out of their homes. Digital payment schemes and marketing strategies that can engage clients virtually were developed. EELHI also improved the handling of documents and receipts through automation that reduces processing time.

Clients were also concerned about higher fees, as well as inflation. As a response, the Group offered more flexible payment restructuring schemes and a tie-up with Pag-IBIG fund for availing of housing loans. The schemes mentioned made it easier for clients to pay their dues.

For investors and shareholders, EELHI ensures that they have access to relevant public financial disclosures that they need.

Digitization and automation of internal and external functions were also implemented by all EELHI departments as a response to specific concerns of stakeholders. These new developments expedited processes and resulted in the timely issuance of receipts; increased stakeholder satisfaction; and reduction of errors due to less human intervention. In marketing, the virtual tools developed eased the remaining concerns of clients regarding Covid-19 transmission.

The Company continues to promote a collaborative culture where stakeholders can voice out inquiries/concerns, and focuses on building a lasting relationship with them.

Marketing and labeling

Disclosure	Quantity		Units
	2022	2023	
No. of substantiated complaints on marketing and labeling*	0	0	#
No. of complaints addressed	N/A	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labeling provide the avenue to deliver truthful and meaningful communications about Empire East's new products to its target audience. Producing marketing materials for announcements or advertisements allows new customers to discover its brand and connect with sales agents to facilitate their buying journey. In addition, Empire East assures the consistency of its condominiums' concepts, including information on the neighborhood and payment terms.

Empire East upholds truth in advertising through its membership with the Philippine Association of National Advertisers (PANA), a self-regulating community of national advertisers that provides standards for advertising to the public. The Company maintains compliance with the Department of Human Settlements and Urban Development (DHSUD) regulation, which requires the disclosure of pertinent details on design, construction, and turnover commitments. Furthermore, all promotional materials undergo an internal rigorous review process before submission for review and compliance to DHSUD, PANA, ASC (Ad Standards Council).

The company has a comprehensive plan to effectively manage and improve the individual marketing efforts of its independent contractors, while maintaining zero claims on false advertising. This includes seamless coordination, a reliable ticketing system, and faster and 100% response rate to customer inquiries.

In line with this, independent contractors—brokers, sales agents undergo regular retraining to stay up-to-date with trends and best practices and consistently perform their roles more efficiently. Additionally, in the event of any complaint, a grievance committee is assigned to address the issue in close coordination with relevant regulatory groups. Empire East has also created various communication channels such as the Ask About Your Home portal and their social media channels to keep all stakeholders connected and informed.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Empire East complies with the Data Privacy Act and the regulations of the National Privacy Commission. As such, it is required to keep confidential the personal data of its customers, contractors, employees, and the process same only for purposes stated in its privacy policy, to which the customers, contractors, and employees consented.

Empire East has a privacy policy that can be accessed on its website. All customers, contractors, and employees are asked to give their consent to the same prior to obtaining their personal data. Furthermore, MIS implements different policies such as data encryption using ReCaptcha and two-way authentication (password and daily portal key).

Customer Relations Team coordinates closely with the Management and Information Systems Team to ensure proper encryption and use of data for its intended purpose. Homebuyers are required to opt-in and sign up and the data is stored accordingly. It is closely monitored, and a grievance committee and legal team are in place to attend to any potential issues.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#

Empire East gathers client data including name, birth date, marital status, and taxpayer identification number (TIN) to facilitate the transfer of property titles to the respective clients. Client's data are only accessible to the Company's internal applications and enterprise accounting systems. Authorized personnel from the Empire East's Management Information Systems (MIS) department also have direct access to the client database when on the local network.

Any electronic component that may or had ever contained data, whether the Company's or clients', is removed and kept secure before disposal. For instance, it is Empire East's standard operating procedure that before a computer is disposed of, the hard disk drive platter and the magnetic read heads are removed from the drives. Empire East's MIS department stores them for safekeeping and properly discards them. Furthermore, the Company is committed to resolving issues raised by customers through the Credit and Collections department and Customer Relations department.

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

	Key Products and Services				
	Residential Developments				
Contribution to UN SDGs **SDG 11 (11.2; 11.3; 11.7): Sustainable Cities and Communities** **SDG 8 (8.2; 8.3): Decent work and economic growth** (SDG 11 and SDG 8 logos)	**Incorporation of Transit-oriented designs in developments** The Company integrates transit-oriented designs in its developments which aim to make people live closer to essential establishments—reducing their travel time and contributing to traffic decongestion. The Company also invests in open spaces in its developments which makes cities more liveable and contributes to a better quality of life. **Fostering Community Growth and transformation** Building a nation, boosting overall growth, and creating structures that will improve the quality of life for Filipinos are all benefits of developments that prioritize the value they can bring to communities. Additionally, this will lay the groundwork for economic growth and enable people to take on greater social responsibility and environmental stewardship. **Urban regeneration** New developments regenerate urban areas which might reduce crime rates, increase of area security due to continuous development (impact area: Integrity and security of person) **Leasing for local retailers** New developments encourage new retailers near the site to be able to serve the homeowners or residents in the building.				
Actual Negative Impacts	**Water**	**Waste**	**Climate Change**	**GHG Emissions**	**Land Use and Ecological**
	Excessive use of water resources during the construction and use/operational phases, as well as the absence of water conservation policies and programs within the business, pose threat to hygiene, health, and sustainable development. (water availability, accessibility). Additionally, developments create more non-porous surfaces which leads to an	Residential construction projects require a significant amount of materials especially during construction. This generates a lot of waste, while there are wastes that can be recycled, a significant amount of construction waste ends up in a landfill.	The real estate and construction industries have a significant negative impact on the environment and also contribute significantly to global warming and climate change due to their extensive material and energy consumption during different construction stages. Development in areas highly susceptible to climate change impacts (i.e., storm events, flooding, extreme heat): Metro Manila is a city that is very vulnerable to the effects of climate change. Already, storm events are becoming	The Company produces a significant amount of Scope 1 and 2 greenhouse gas emissions from electricity use for its buildings and the consumption of diesel and gas by its own vehicles. Additionally, there are no restrictions to control emissions, reduce consumption, or otherwise regulate them. Both contribute to global warming and to the worsening climate situation. Diesel equipment used in sites during different construction stages are	The Company is primarily engaged in construction activities, which have an impact on the management of construction waste, which includes hazardous materials like oil, paints, and other chemicals as well as plastic, metal, wood, and concrete. Soil disturbance and erosion are another impact. Infrastructures also restrict the amount of permeable soil that water can seep into, causing runoff or stormwater to flow over the surface. Additionally, this leads to the formation of

	increase in stormwater run-off.		extreme, many areas are affected by flooding, and extreme heat affects the city. Developments in the urban core might exacerbate the effects of climate change, especially contributing to urban heat effect.	also a major source of GHG emissions within the organization.	sediment that is hazardous to aquatic life and bodies of water, and it also has the potential to contaminate drinking water.
Management approach to actual negative impacts	EELHI Project site teams work with the contractors in the identification of possible water conservation measures which includes regular maintenance of water pipelines, cistern tanks, and regular water potability tests. Furthermore, at present, there are no other water conservation measures being implemented.	The Company's other constructions such as excess metals, scrap wires, and office wastes are sold to third-party buyers for recycling and processing. The GAS department also contracts third-party services to sell or dispose of scrap metals. These initiatives help reduce waste thus driving growth to the circular economy. Sites segregate trash as biodegradable, non-biodegradable and recyclable for pickup of the Local Government Unit or third-party garbage collectors/contractors. Other construction and office wastes are sold to third-party buyers for recycling and processing such as excess metals, and scrap wires. The GAS department also contracts third-party services to sell or dispose of scrap metals.	The Company has taken significant strides in the reduction of GHG emissions across its properties. It has successfully retrofitted its lights to LED. It has also committed to planting more trees and adopting forests to offset carbon footprints. Through relevant campaigns, Empire East also encouraged its community to conserve energy through participation in activities such as the Earth Hour. Along with MEG, it is committed to treading the path to using renewable energy sources through possible partnerships under GEOP of the Department of Energy.	Empire East keeps track of its energy and GHG emissions. However, no evaluation parameter for energy and GHG emissions management throughout the stages of construction projects exists at this time.	Empire East's developments comply with the Philippine Green Building Code in collaboration with design consultants who ensure the preparation of Green Building-compliant designs. These designs include specification of environment-friendly materials, construction of rainwater collection tanks, and wastewater treatment facility that recycles water to be used for landscape irrigation purposes.
Potential Negative Impacts	**Water**		**Community impact of developments**		
	Homes built in water-stressed areas may have trouble obtaining licenses and permissions in the future and run the danger of having their land depreciate due to water shortage problems.		The Company's development project might push the conversion of productive agriculture areas in and near cities in favor of property development.		
Management Approach to potential negative impacts	The Company has yet to use tools for identifying development project locations that are under water stress.		Depending on future Empire East Development plans, the company may someday push for developments outside the city center and use lands that were formerly agriculturally productive.		

CSR and Sustainability Programs	
Contribution to UN SDGs **<u>SDG 1 (1.1): No Poverty</u>** **<u>SDG 2 (2.1): Zero Hunger</u>** SDG 1 and 2 logos)	The Empire East's departments, DMG and Finance, donated groceries and essential supplies for the elders of Brgy. San Lorenzo, Tabaco City, Albay, and the Anawim Lay Missions Foundation Incorporated in Rodriguez Rizal. The DMG and a sales team also went to Kalawaan Elementary School and Beata Elementary School to offer donation programs. The Marketing Department also donated diapers and pails to a school in Sta. Maria, Laguna. Through this project, Empire East helps educate families on hygiene and sanitation and improves sanitation in the local community. Likewise, the company conducted a Support-a-Student program where its select salespersons offered some earnings to buy uniforms and other school supplies for these children. The GAS department joined Brigada Eskwela Synchronized School Caravan to help fix classrooms before school started. The Human Resources Management donated food and gifts to A Home for the Angels. Meanwhile, Credit and Collection fed and donated goods to the Paws Foundation in support of their animal care advocacy. The company also supports conventional after-school projects such as AHA Learning Center and foundations like ERDA by conducting art classes and career orientations.
Potential Negative Impact of Contribution	These are not expected to generate negative impacts as they are aligned and implemented to directly address sustainability goals.
Management Approach to Negative Impact	These programs are implemented to manage risks and negative socio-environmental impacts on other business areas.