maestro

INTEGRATED
REPORT
2022

NEXT LEVEL

CEBU LANDMASTERS
We Build with You in Mind

ABOUT THE COVER

Cebu Landmasters is going Next Level as it evolves into a more sustainable business that creates value for all its customers, partners, investors, and communities while delivering excellent results. In 2022, the Company achieved another year of outstanding performance and surpassed its growth targets while fully embracing sustainability throughout its value chain.

ABOUT THE REPORT

GRI 2-3 | GRI 2-5

This report is CLI's second integrated report prepared according to the International <IR> Framework, Global Reporting Initiative (GRI) standards, and Sustainability Accounting Standards Board (SASB) standards for corporate disclosure. It covers consolidated financial and non-financial metrics that reflect the Company's economic, environmental, social, and governance performance in its internal business units, property management, and construction. It also provides insights into CLI's comprehensive system and the interconnections of the six capitals, key business activities, issues, risks, opportunities, strategies, and impacts for the fiscal year January 1, 2022, to December 31, 2022. The highest-ranking person for this report is CLI's Corporate Sustainability Officer, Jose Franco B. Soberano

TABLE OF CONTENTS

ABOUT THE COMPANY

GRI 2-1 | GRI 2-2

Cebu Landmasters, Inc. (CLI) is the leading developer in Visayas and Mindanao (VisMin). Initially engaged in providing housing opportunities in the countryside of Cebu in 2003, the Company's key products have since significantly expanded to vertical, horizontal, and large-scale projects in key cities and urban areas in the VisMin region. Key residential brands include Premier Masters (high-end), Garden Series (mid-market), Casa Mira (economic), and Villa Casita (socialized housing).

CLI is also building up its leasing portfolio through more ventures in mixed-used communities, townships, and estates with office and retail developments. Additionally, the Company is entering the hospitality sector through hotels and resorts. Those in the CLI Group, which includes its subsidiaries and associates, work together to generate value for all stakeholders.

SUBSIDIARIES

A.S. Fortuna Property Ventures, Inc. (ASF)
100%

CLI Premier Hotels Intl. Inc. (CPH)
100%

Cebu Landmasters Property Management, Inc. (CLIPM)
100%

CLI-LITE Panglao Inc. (CLI-LITE)
Partner: Lite Shipping Corporation
88%

BL CBP Ventures, Inc. (BL Ventures)
Partner: Borromeo Bros. Estate, Inc.
50%

Yuson Excellence Soberano, Inc. (YES)
Partner: Yuson Commercial Investments, Inc.
50%

Yuson Huang Excellence Soberano, Inc. (YHES)
Partner: Yuson Strategic Holdings, Inc., Davao Filandia Realty Corp.
50%

YHEST Realty and Development Corporation (YHEST)
Partner: Yuson Strategic Holdings, Inc., Davao Filandia Realty Corp., Plaza de Luisa Development, Inc., Yuson Newton Corp & Strategic Holdings, Inc., Davao Primeland Properties, Inc.
50%

CCLI Premier Hotels, Inc. (CCLI)
50%

YHES Premier Hotel Inc. (YHESPH)
Partner: Yuson Strategic Holdings, Inc., Davao Filandia Realty Corp.
50%

Mivesa Garden Residences, Inc. (MGR)
45%

El Camino Developers Cebu, Inc. (El Camino)
Partner: Gothong Southern, 12 Sika Holdings, Acrissor Dev't Corp, RKD Property Holdings, Inc.
35%

Cebu Homegrown Developers, Inc. (CHDI)
Partner: Ixidor Holdings, Inc.
50%

Cebu BL-Ramos Ventures, Inc. (CBLRV)
Partner: Borromeo Bros. Estate, Inc.
50%

Ming-Mori Development Corporation (MMDC)
Partner: UKC Builders, Inc.
78%

GGTT Realty Corporation (GGTT)
Partner: IBC International Builders Corporation
50%

Sugbo Prime Estate, Inc. (SPE)
Partner: Sugbu Prime OPC
64%

ASSOCIATES

Magspeak Nature Park, Inc. (Magspeak)
Partner: Bob Gothong, Segundino Selma, Jr. and Ricardo King
25%

Icom Air Corporation (ICOM)
33%

VISION

To be the leading real estate company in the Visayas and Mindanao, and the most customer-centric and community-focused organization in the region.

MISSION

Guarantee stakeholder satisfaction by bringing out the extraordinary in every step of the real estate journey.

CORE VALUES

CUSTOMER-FIRST
Create extraordinary experiences

COLLABORATION
Move forward as one team

COMMITMENT
Walk the talk & Deliver results

LEADERSHIP
Masters leading the industry

INTEGRITY
Uphold the highest moral standards

AGILITY
Be responsive and adapt quickly

CEBU LANDMASTERS ADVANTAGE:
The Four Pillars

CLI consistently provides top-notch experience through its different assets and quality of service, setting it apart from other developers in the country.

EXTRAORDINARY HANDS-ON SERVICE

- In-house sales support
- Monthly construction updates
- Dedicated and responsive Customer Relations Team.
- In-house CLI Property Management (CLIPM)

EXTRAORDINARY VISMIN EXPERIENCE

- Local knowledge and expertise
- Stringent location selection ensures the best locations

EXTRAORDINARY AMENITIES

- Value-added amenities relevant to each project (chapel, pool, basketball court, clubhouse, meditation garden, and others)
- High-quality delivery

EXTRAORDINARY CHOICES

- Wide range of developments from residences, offices, hotels, mixed-use, and townships
- Projects in 16 key cities all over VisMin

Business Principles

The Company's business principles are guidelines applied throughout its business activities.

Cultivate CLI's status as a fast-growing homegrown property developer with unique regional expertise in VisMin.

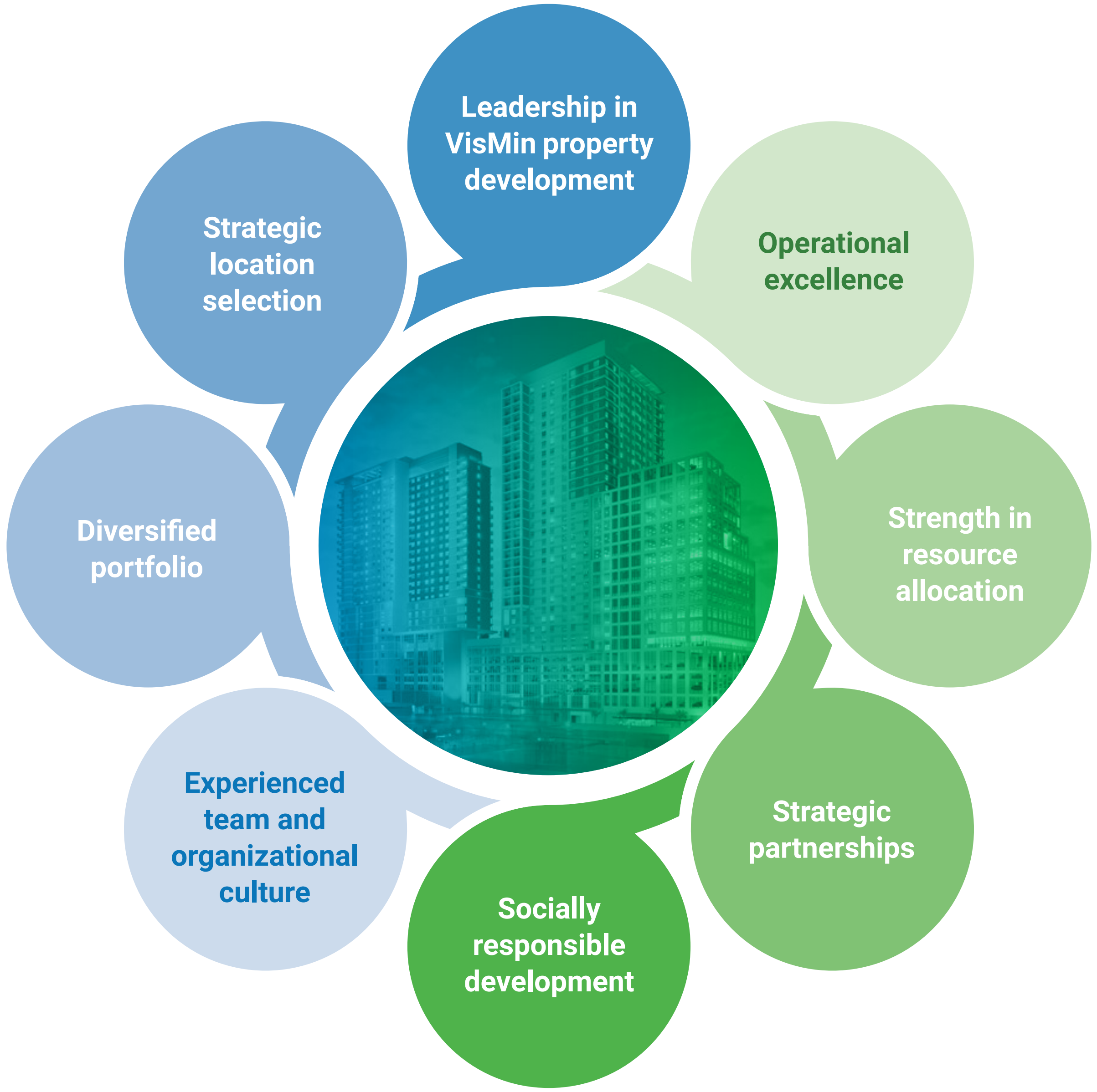
Build a diversified portfolio of residential subdivisions, condominiums, offices, mixed-use, hotels, and townships.

Apply CLI's "landbank lite" or "acquire to develop" strategy.

Maintain a professionally-run and family-owned business.

Business Model

As the most community-focused property developer and organization in VisMin, this framework serves as CLI's foundation in forming its comprehensive strategy to generate value over the short, medium, and long term.



MESSAGE FROM THE CHAIRMAN AND CEO

We dedicated the previous years to stability and recovery as we faced unprecedented adversity. Although 2022 was not free from challenges, the year was undoubtedly filled with triumphs in strengthening our leadership in Visayas and Mindanao, fueling our growth momentum, and building sustainable communities that create value for all our stakeholders.

In December 2021, we were badly hit by Typhoon Odette and this compelled us to begin 2022 by rebuilding VisMin. Looking back, seeing our communities in need was one of the main drivers that pushed us to transcend our past performance.

As the country moved toward normalcy, CLI powered through and its construction remained in full swing. Concurrently, we continued to leverage on customer innovations, improved our internal systems, and even strengthened our sales, customer relations, and support teams to cater to our sellers, partners, and customers more efficiently.

Our long-term planning and agile response to critical events lead to another record year-end performance. We reported a 32% growth or P3.171 billion in normalized net income to parent shareholders in 2022. The normalized net income took out a one-time tax adjustment due to the CREATE law. Yet, even after the adjustment, we registered a double-digit profit growth of 21% from our 2021 NIAT of P2.6 billion.

Sustained and Strengthened VisMin Leadership

Our robust FY2022 performance demonstrates our growing commitment and strengthened leadership in the VisMin region. We have recorded double-digit growth across all market segments since our 2017 IPO. Because of this remarkable growth, we are finally setting our sights on Luzon in the next two years.

We continue to fill in VisMin's housing backlog by expanding to new areas. Phase 1 of Casa Mira Towers Palawan, our first project in Puerto Princesa, was 85% sold in less than a week. This is a solid indicator that there is indeed a broader market for our bestselling economic housing brand Casa Mira and that we are gaining traction in new areas of expansion.

Our new properties' sales velocity shows how we build thriving developments in sought-after locations. In a record of three days, our upscale residential project Calle 104, sold out. The property straddles Ramos and Ranudo Streets, strategically located near Cebu City's major hospitals which contributed to its outstanding performance.

After only two years of site development, we officially inaugurated the 23-hectare Davao Global Township (DGT), envisioned to be Mindanao's most sustainable central business district. We are opening the roadway in May 2023, for the public's use of the property.

We are also establishing our foothold in the hospitality industry as we broke ground on MagsPeak Mountain Resort and Villas while completing the construction and finishing works of lyf Cebu City, The Pad Co-Living in Banilad High Street in Cebu City, and Citadines Bacolod City – all of which are expected to be ready for operations in the second half of 2023.

We are also elated to know that we remain as the leading developer in VisMin according to the 2022 real estate market study conducted by Colliers International. It identified CLI as the number 1 developer in the region with the largest market share of 21% based on net sales take-up among real estate firms and driven by the strong demand and brand trust.

Our numerous accolades in 2022 attest to our strong foothold and leadership in the VisMin region. For the second consecutive year, the PropertyGuru Philippines Property Award recognized us as the Best Developer in Visayas and Mindanao. We were also given special recognition in ESG and Sustainable Design and Construction, also for the second consecutive year. This is a testament to our serious commitment to sustainability.

Fueling Our Growth Momentum

Cebu Landmasters bolsters its capital for future developments. We successfully listed our first fixed-rate bond offering worth P5 billion at the Philippine Dealing and Exchange Corporation on October 7, 2022. This was from CLI's approved shelf registration of a P15 billion debt securities program to be utilized within three years.

The Philippine Rating Services Corp awarded the CLI bonds a PhilRatings credit rating of Aa plus with a stable outlook. It commended the Company for its sound management, strategies, and its competitive advantage in VisMin markets, evidenced by continued growth despite the pandemic. For this, CLI was awarded the Best New Bond by The Asset at the 2022 Triple A Country Awards.

CLI has also distributed close to P2 billion in cash dividends and 123% stock dividends since our IPO until 2022. This results from CLI's consistent financial performance despite the challenging environment. We continue to work hard to deliver enhanced shareholder value as our stakeholders motivate us to improve every year.

Integrating Sustainability

We doubled down and expanded our sustainability initiatives in 2022, using our 5-Pillar Sustainability Strategy to guide us in creating a holistic and lasting impact for our stakeholders. These pillars comprise:

1. Developing sustainable and resilient spaces
2. Growing the business and supporting local markets
3. Conserving resources and managing environmental impacts
4. Engaging and investing in our people, customers, and communities
5. Achieving organizational efficiency and good corporate governance.

By considering pertinent EESG metrics, we can integrate sustainable practices throughout our value chain. As part of our commitment to provide quality, affordable, and sustainable housing and essential services available to the underprivileged and the homeless, Cebu Landmasters developed two medium-rise condo buildings valued at P215 million for informal settlers in Cebu City and Mandaue City. We are dedicated to ensuring our communities live and thrive in these properties. As such, the Company partnered with local governments to properly transition families into their new homes. CLI plans to close the housing gap further, especially for communities that need it most.

Next Level CLI

We in CLI have always aimed for the next level: growing our capital, expanding our portfolio and new areas, and striving for sustainability – we do all these with you in mind. From our commitment to closing the economic housing gap in Visayas and Mindanao, Cebu Landmasters now devotes itself to building sustainable and flourishing developments in VisMin and beyond.

We dedicate our achievements and growth to our employees, our board, investors, partners, contractors, and suppliers – who all share our unwavering commitment and mission to guarantee customer satisfaction, deliver the extraordinary, and build quality and sustainable communities where our customers, tenants, and homeowners can thrive.

As we approach our 20th year, we will continue to set the bar higher, take CLI to the next level, and accomplish more masterful triumphs together.

JOSE R. SOBERANO III
Chairman and CEO
Cebu Landmasters, Inc.

MESSAGE FROM THE COO

Dear CLI Family,

The battle cry at the start of 2022 was Bangon (Rise up), VisMin! The region was still reeling from the widespread disruption caused by Typhoon Odette and adjusting to post-COVID normalcy. Nevertheless, CLI's goal was to rise above the circumstances, acknowledging that the industry was on an upward trajectory as the calendar shifted from 2021 to 2022. Thus, it did not take long for CLI to get firmly back on track, and it did not take long for the CLI organization to fully embrace the mission at hand: to ensure that the investments of hard-working Filipinos are fully realized and delivered beyond what is expected. When the organization was asked to "Rise Up" at the start of the year, the team did not only rise above their individual or internal circumstances but rose primarily for their customer – our valued CLI homeowners, who now encompass over 34,000 households as of the end-2022.

Leadership and Resilience

Bucking industry trends or disruptions from events overseas, CLI raced off to a blazing start in 2022 with its fastest-selling project to date, the East Village at the Davao Global Township, which sold out P4 billion of residential inventory in only four days. Our resilience allowed us to end 2022 with over P18 billion in new reservation sales and launch over 16 projects worth P19.4 billion in sales value across the VisMin region. Our portfolio also zoomed past the 100 mark (109), with over 80 residential projects, six offices, ten hotels, ten mixed-use projects, and three township developments spread across 16 Key Cities. While CLI set new records in 2022, what stood out was how our 800-strong team acknowledged the challenges at hand and realized the depth and ability of a cohesive CLI organization that knows how to always push forward. These achievements gave the Company the belief and vindication that its regional leadership was sustained, further validated by an independent market report that confirmed CLI's 21% market leadership in VisMin. This leadership withstood a two-year pandemic and the inflationary pressures that followed and rising above them with a responsive organization shepherded by a highly connected, hands-on, and dynamic leadership team.

Future-Proofing CLI

The year 2022 saw a continued push for CLI's diversification efforts. The company is assembling one of the finest hospitality portfolios in the region with seven internationally-branded hotels, one luxury resort, one mountain resort, and one co-living brand. The tourism story of the Philippines resumed its growth trajectory, with hotel occupancy levels rising and tourism arrivals rebounding sharply. On the other hand, CLI saw an uptick in leasing activity for its office and retail portfolio, with foot traffic normalizing and the BPO sector recovering. CLI's leasing portfolio is set to grow from 30,000 sq.m. of net leasable area to over 200,000 sq.m. in the next five years. This will usher in an essential mix of revenue streams for the company and further enhance stakeholder satisfaction, with many of its recurring income developments complementing its various residential projects and estates. Just as CLI has established itself as the residential leader, it is highly motivated to deliver top-caliber hospitality, office, and retail offerings guided by the same customer-first and community-centric values.

Developing with Discipline

With inflationary pressures dominating the storylines in 2022, CLI managed to stay disciplined yet agile. There was a heightened motivation to ensure projects got delivered faster and that customers were well-informed of timelines. This led to CLI completing and turning over a combined 12 projects in Cebu, Davao, Cagayan de Oro, Dumaguete, and Bacolod. There was a strong focus not only on completions but particularly on attaining the utmost customer satisfaction during the turnover period, which CLI considers the ultimate barometer of success. Thus, the discipline that characterized CLI's year was not only a discipline of operational efficiency or financial adeptness but a discipline in championing CLI's uncompromising quality and project delivery through a fortified SBU (Strategic Business Unit) approach.

Setting Our Sights on Luzon

During our IPO in 2017, the goal was to establish leadership in Vismin. With fortitude, unrelenting faith, and backed by the most passionate real estate professionals in CLI, we emerged as the Vismin market leader in less than five years. Our brand of development is characterized by generosity and humility. We acknowledge that our company is always a work in progress, and we never rest on our laurels. By entering Luzon, we can continue to help the country realize its housing mission while bringing a selfless brand of housing development to Luzon. The company is eyeing an entry point in the Bicol and Calabarzon regions by 2023-2024.

Looking Forward to our 20th year in 2023

We will celebrate our 20th year in real estate in September 2023. To say that the journey has been fulfilling would be an understatement. It has been very fulfilling, mainly because of the many lives we have improved through real estate and the partnerships and friendships we have forged in this highly dynamic and connected industry. With the special milestone year ahead, we are preparing to launch over P29.75 billion in new residential projects, complete an additional 477 hotel keys and over 50,000 sq.m. in additional leasable area, invest in a P13.5 billion Capex program, and collect over Php 10 billion in project takeouts. Our 20th year ushers in a wave of new challenges and opportunities, and we firmly believe we have the best team with us to power us through.

From our CLI family to yours, we wish you a very prosperous, fulfilling, and grace-filled 2023. Thank you, dear shareholders!

Yours sincerely,

JOSE FRANCO B. SOBERANO
Senior Executive Vice-President and Chief Operating Officer
Cebu Landmasters, Inc.

MESSAGE FROM THE CFO

Dear Fellow Shareholders

2022 presented broad macroeconomic challenges to the Philippines primarily on two fronts – inflation and higher interest rates. Global external factors like the Ukraine-Russia conflict and the decision of the US Federal Reserve to begin raising rates are hardly in our government's sphere of influence, let alone the Company's. But despite these headwinds, one fundamental truth remains – the housing supply deficit in our country persists, especially in the Visayas and Mindanao regions. So, despite the external challenges, our Company has continued to grow to serve the long-underserved demand for quality housing for the Filipino family.

The Company's constant dedication to a tried-and-tested real estate development strategy, as shown by CLI's market leadership and product differentiation, has yielded record financial results for 2022, both in revenues and earnings.

Sustained Financial performance backed by sold growth drivers

In 2022, total revenues rose to P15.66 billion, a notable 40% increase from 2021. This growth is attributable to significant advancements across all business units, particularly in real estate sales, hotels, and leasing. Revenue growth for the year was driven by advanced progress in construction, robust take-up in reservations sales, the resumption of business and leisure travel, and higher occupancy rates for retail and office spaces.

Meanwhile, the cost of sales increased to P8.37 billion, growing at the same rate of 40% as the overall revenue. We carried out modest price increases across our residential brands by focusing on operational efficiency. We also implemented cost-control measures, which slightly enhanced our gross margins from 46% to 47%. The combination of robust top-line growth and cost-control measures resulted in the Company posting record parent earnings of P3.17 billion, 21% higher than the previous year. Even more remarkable was the increase in normalized earnings, which posted an outstanding growth of 32% from the P2.4 billion achieved last year after excluding the P212 million impact of the CREATE LAW in 2021.

Capital expenditure spent and balance sheet prepared to support CLI for continued expansion

Taking advantage of the market rebound in 2022, we pursued an ambitious expenditure strategy, resulting in P10.96 billion in CapEx. We allocated 70% of the spending to real estate sales development initiatives, 10% to grow investment properties, and the remaining 19% to strategic land banking to purchase a 14-hectare estate in Manresa CDO, key acquisitions in Cebu, and expansion in Butuan. We also kept our balance sheet solid during the year to support the Company's growth plans. Our total assets now stand at P85 billion for both parent and subsidiaries, which we grew aggressively to 13 times the amount when the Company went public in 2017. This was fueled by our successful forays into the capital markets allowing us to raise the needed funds to execute our growth strategies. Our gearing ratios remained manageable, with our net debt-to-equity ratio at 1.84x.

As the BSP increased its rates, we have realigned our debt maturities by positioning more of our loans to the longer end of the curve, with 66% of our debt profile now over three years in tenor. This strategy was capped off with our successful maiden retail bond issuance of P5 billion in October 2022, when we got up to seven-year money at long-term competitive rates with a rating of PRS Aa+ with a stable outlook. We are pleased with the solid financial support and confidence our banking partners have given us, as evidenced by the provision of approved credit lines amounting to nearly P60 billion for our Company.

Building recurring income developments, potentially springboard for REIT

The prospect of entering the REIT market is part of the long-term strategy of CLI. This is supported by the continued development of a strong portfolio of projects with recurring income, such as office, retail, and hospitality projects that are currently under construction and will be operational by 2025 or 2026. As of 2022, we have ten hotel projects in various phases of development, totaling 1,722 rooms. Since our public listing, we have worked hard to expand our recurring business. From one operational hotel, we will open three new hotels this year: lyf Cebu City in Base Line Center and The Pad Co-Living in Banilad High Street in Cebu, and Citadines Bacolod City in Bacolod. Our leasing business has expanded in tandem, with Gross Leasable Area (GLA) now exceeding 30,000 sq.m. We aim to increase the GLA to 200,000 sq.m. in the next three to five years, with a recurring income target contributing 10% of our top line. This will prime us with the foundational assets that we can put into a REIT.

Strengthening the organization to sustain the growth trajectory

The Company has benefited from strong housing demand in Vismin, which has fueled our core strengths in market leadership and operational efficiency. This gave us a sufficient boost to deliver record financial results while maintaining our momentum since the IPO. While market circumstances have improved since the pandemic, we must brace ourselves for possible further economic challenges. We have made significant progress toward building a stronger organization on various levels. Trust that your Company will prudently uphold its solid financial position, enhance shareholder value, and sustain organizational growth for the near and long term.

Thank you for your confidence, and we look forward to sharing our story with you for many years to come.

BEAUREGARD GRANT L. CHENG, CFA
Chief Financial Officer
Cebu Landmasters, Inc.

OUR STORY

2022 COMPANY MILESTONES

FINANCIAL HIGHLIGHTS

CLI ended the year with an outstanding financial performance, surpassing its growth guidance.

P15,657 Million
Revenues: 40% growth YOY

P15,439 Million
Real Estate sales: 40% growth YOY

P83 Million
Hotel operations: 71% growth YOY

P79 Million
Leasing: 7% growth YOY

P55 Million
Property Management: 29% growth YOY

P7,290 Million
Gross Profit: 40% growth YOY

P3.17 Billion
Net Income: 21% increase and 32% if normalized growth (net P212 million CREATE impact in 2021)

P0.6 Billion
Dividends given to stockholders and P1.9 billion interest payments to loan providers

P0.92
Earnings per share (EPS): 21% growth YOY

OPERATIONAL HIGHLIGHTS

CLI accelerated its growth with new launches while helping vulnerable communities access quality and affordable housing.

84
Subdivision and condominium projects worth 106.7 billion

34,022 Units
91% sold

35 Completed Projects
11,595 units: 97% sold

33 Ongoing Projects
17,737 units: 91% sold

16
New Condomonium and Subdivision project launches with nearly 5,000 units: 74% sold

1,466 Units sold
in The East Village in Davao Global Township

P5.0 Billion
Bonds listed on PDEx

- PRS Aa plus credit rating with Stable Outlook

109 HECTARES
Landbank: P10.6 billion total value

>30,006 SQ.M.
GLA (office buildings): 3% increase

48%
Rental occupancy rate: 7% increase

180
Hotel rooms

50% Room Occupancy

21-hectare MagsPeak Mountain Resort and Villas
CLI is developing its first mountain resort. This showcases collaboration with farmers and communities within the resort area, fostering local economic progress.

SUSTAINABILITY HIGHLIGHTS

CLI intensified its efforts to integrate its sustainability strategy throughout the value chain, primarily focusing on how the Company can manage its resources responsibly and create value for its communities.

Socio-Economic

10,735
Direct and indirect hires

13:10
Female to Male Gender ratio (organic employees)

P520 million
Employee wages and benefits

P1.43 million
on Seminars and trainings expenditure

P23.4 million
Health and well-being investments

74%
Local sourcing (VisMin)

Socialized Housing

100-unit
Walk-Up Sugbo 1 completed for Cebu City informal settlers (P115 million)

90-unit Tipolo Residences
Tipolo Residences Tower 4 broke ground for Mandaue City informal settlers (P100 million)

P12 MILLION
Other Contributions to the community

Community Development

3,035
families programs and community activities)

339
informal settler families

13 scholars
of CLI Foundation's LEAP Scholarship Program

Community Development

GOVERNMENT

21
cities and municipalities

66
barangays (VisMIn)

14
national agencies

18
local regulatory agencies

CLIENTS AND CUSTOMERS

10,763
unit owners

14
Condo Corporations

11
Home Owners Associations

Environmental

5-Star BERDE rating
The Latitude Corporate Center in Cebu Business Park

Energy

98,646.56 GJ
Fuel consumed: +102%

24,102.91 GJ
Electricity consumed: +25.6%

Water

2,476,218.19 cu m
Water consumed: +111.05%

146,920.92 cu m
Wastewater treated and discharged

Biodiversity

14.0 hectares
of Rainforest protected

10,000 seedlings
planted Native trees

Solid waste

33,466,887.90 kg
Total waste generated

243,657.97 kg
Total waste recycled/reused

Materials (non-renewable)

2,070,759 cu m
Sand used

2,155,469 cu m
Sand used

140,954,525.36 cu m
Cement used

47,954,963.91 kg
Rebars used

93,274 sq.m.
Glass used

Materials (non-renewable)

6,519.47 MTCO2e
GHG emissions from Fuel (Scope 1): +73.18%

5.22 MTCO2e
GHG emissions from Electricity (Scope 2): +34.88%

7.16 MTCO2e
GHG emissions from Other indirect business activities (Scope 3): +60.9%

AWARDS

External institutions consistently recognize Cebu Landmasters for its outstanding performance.

Developer Awards and Recognitions

3 10th PropertyGuru Philippines Property Awards: Special Recognition in Environmental, Social, and Governance (ESG)

4 10th PropertyGuru Philippines Property Awards: Special Recognition in Sustainable Design and Construction

5 BCI Asia: Top 10 Developers of the Year

Development Awards and Recognitions: 10th PropertyGuru Philippines Property Awards

CLI's Chief Financial Officer is the youngest recipient of the Internationale Nederlanden Groupe-Financial Executives of the Philippines (ING-FINEX) CFO of the Year Award and is the first awardee from a non-conglomerate organization.

CEBU LANDMASTERS MAINTAINS ITS POSITION AS THE TOP DEVELOPER IN VISMIN

For the second year in a row, the Company bagged the Best Developer in Visayas and in Mindanao Awards at the 2022 PropertyGuru Philippine Property Awards (PPA). Additionally, CLI received Special Recognition from the PPA for the second consecutive year in the ESG and Sustainable Design and Construction categories.

Building Construction Information (BCI) Asia also included CLI in its Top 10 Developers of the Year in 2022, recognizing the Company as one of the developers with the most significant impact on the built environment in Southeast Asia for the 3rd consecutive year.

OUR VALUE CREATION

GRI 2-6

CLI's main activities as a property development company encompass planning, development, operations, and management. The Company draws from its six capitals to perform business activities and generate outputs. CLI aims to build enduring value for its stakeholders by managing risks and seizing opportunities. With the vision of becoming the most community-focused organization in VisMin, CLI prioritizes integrating social development into its value chain.

Inputs

Nartural Capital

Environmental resources are efficiently and responsibly used

- Landbank: 109 ha
- Materials (non-renewable construction)
  - 2.1 million cu m of sand
  - 2.2 million cu m of gravel
  - 141 million cu m of cement
  - 48 million kg of steel rebars
  - 93,274 sq.m. of glass
- Energy
  - 98,646.56 GJ of fuel to operate gensets and vehicles
  - 24,102.91 GJ of electricity
- Water: 1,713,251.41 cu m consumed

Financial Capital

Stable funds from profits, equity, and loans used to build products and provide services

- P11 billion worth of capital expenditures in 2022

Manufactured Capital

A highly diversified product mix in the best locations in VisMin

- Real estate products (various development stages)
  - 80 Residential projects
  - 10 Hotels
  - 6 Offices
  - 10 Mixed-use/Commercial
  - 3 Townships
- Recurring Assets
  - 30,006 sq.m. Total current GLA
  - 47,000 sq.m. GLA under construction to be completed in 2 years
  - 180 Hotel rooms with 50% average occupancy
  - 9 Hospitality projects under construction
- Green building design
  - Energy-efficient construction practices
  - Renewable resources (solar power and rainwater harvesting)
  - Environmentally friendly design features
  - Waste prevention systems
  - Low impact materials selection
  - Design durability and life cycle assessment

Value Chain

Business Activities

1) Land Acquisition*
2) Planning & Permitting*
3) Financial Analysis*
4) Marketing & Sales**
5-1) Construction & Procurement*
5-2) After Sales**
6) Turnover**
7) Operations**

**Planning & Development*
***Operations & Management*

Community Development

- Providing Access to Affordable Housing
- Managing Environmental Impacts & Building Resilience
- Developing Talent through Education
- Promoting Self-reliance through Livelihood

Outputs

Growth in Residential Products

- 80 total residential products
- 33,77934,022 units across 200.82.71 ha
- 15 residential projects launched in 2022
- 33 under construction
- 32 completed in 2022
- 80 total residential products
- 33,77934,022 units across 200.82.71 ha
- 15 residential projects launched in 2022
- 33 under construction
- 32 completed in 2022

Increase in Socialized Housing: Mid-rise Buildings

- 1 completed
- 1 under construction
- 4 in planning stage

New Developments

- 3 Townships
- 10 Mixed-use buildings
- 6 Offices
- 10 Hotels (1 operational, 180 keys)

Outcomes and Impacts (Actual and Desired)

Planet

- Resource conservation
- Reduced environmental impacts

6 CLEAN WATER AND SANITATION
14 LIFE BELOW WATER
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
15 LIFE ON LAND
13 CLIMATE ACTION

Financial Capital

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Profit/Progress

- Business growth
- Favorable economic performance
- Solid and healthy balance sheet
- Increased employment
- Improved local economy

Manufactured Capital

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

Inputs

Intellectual Capital
A distinguished brand and reliable track record of project execution

- Local knowledge, mastery, expertise, and dominance in VisMin
- Established name and trusted brand
- Fast turnover of projects compared with competitors
- Hands-on or personalized approach to customer experience
- Digitized system for a more convenient customer experience
- Strong track record in the medium-rise market segments
- Award-winning planning and design
- Pandemic resilience compared with competitors in operations, construction, product demand, and innovation
- In-house after-sales and property management support

Human Capital
Competent & High Performing Employees

- 669 CLI organic employees
- 99 CLI Property Management employees
- 403 Outsourced personnel in managed properties
- 106 Outsourced personnel in corporate or branch offices and showrooms
- 33 Organic and 14 Outsourced personnel in hotel operations
- 9,425 Workforce in Construction sites

Social & Relationship Capital
A strong relationship with the local broker community, trust from buyers and end-users, and preferment of landowners based on its 14 successful JV partnerships and 19 banks or financial institutions

- Brokers, sellers, government agencies, and LGUs
  - 1,785 brokers and sellers
  - 66 Barangays (VisMin)
  - 21 Municipalities and Cities
  - 14 National government agencies
  - 18 Local regulatory agencies
  - 15 People's organizations

Value Chain

Business Activities

1) Land Acquisition*
2) Planning & Permitting*
3) Financial Analysis*
4) Marketing & Sales**
5-1) Construction & Procurement*
5-2) After Sales**
6) Turnover**
7) Operations**

**Planning & Development*
***Operations & Management*

Community Development

- Providing Access to Affordable Housing
- Managing Environmental Impacts & Building Resilience
- Developing Talent through Education
- Promoting Self-reliance through Livelihood

Outputs

Leasing Assets
More than 30,006 sq.m current GLA with 47,000 sq.m. GLA under construction to be completed in 2 years

Green Building Design
- Latitude Corporate Center - BERDE Excellence Certification 5-Star (Construction Stage) 4-Star (Design Stage)
- Astra Centre – undergoing BERDE Certification Review
- 38 Park Avenue – undergoing EDGE Certification Review
- Tipolo Residences Building 4 (socialized housing medium rise building) - BERDE Application Stage
- Sugbo Walk up One (socialized housing medium rise building – with green features)

Communities and Families Engaged and Benefited
- 390 Informal settler families (for socialized housing)
- More than 3,000 families benefited from disaster response initiatives

Outcomes and Impacts (Actual and Desired)

Product

Resilient, sustainable housing, and community spaces

- End-users of CLI products
  - 10,763 Unit owners
  - 14 Condo corporations
  - 11 Homeowners associations

People

- Customer loyalty
- Enhanced brand value
- Healthy and motivated employees
- Productive and self-reliant communities
- Better living conditions
- Strengthened partnerships

Human
3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

Social & Relationship
4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS

Risks
- Unfavorable Changes in market demand
- Permitting and licensing
- Project execution and delivery
- Environmental and climate-related risks
- Financial risks
- Data Integrity and accuracy
- IT systems
- Regulatory compliance
- Partnership and alliance
- Organizational risks

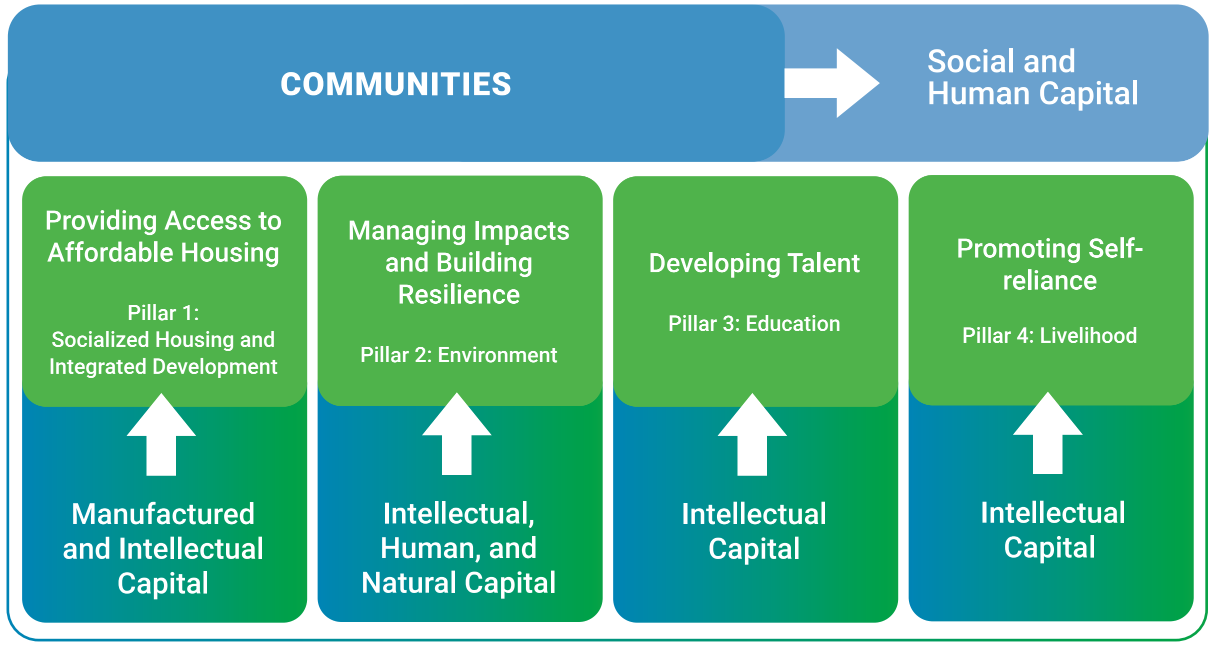
Opportunities
- More Innovation/Digitalization
- Economic recovery from the pandemic and Typhoon Odette
- OFW market segment
- Sustainability design for all segments
- Renewable or alternative materials
- Renewable energy sources
- VisMin communities and suppliers

Integrating Community Development

BUILDING WITH OUR COMMUNITIES IN MIND

Cebu Landmasters considers local communities as partners in development and stakeholders that can be positively or negatively affected by the Company's business practices. As such, CLI uses its financial and other resources to support programs and projects that effectively address the long-term needs of the communities in VisMin.

The Company's community development strategy comprises four pillars: 1) Social Housing and Integrated Development, 2) Environment, 3) Education, and 4) Livelihood. Before creating initiatives, CLI assesses the needs of the diverse sectors involved, like women's organizations, fisherfolk associations, farmers' cooperatives, and informal settler families.



Closing the affordable housing gap is one of CLI's core advocacies. The Lending Expertise, Advancing Development for Socialized Housing (LEAD) program has been focusing on the construction of socialized medium-rise buildings and social preparation of beneficiaries like families formerly in high-risk areas, informal settlers, and families that were victims of the fire that hit Mandaue City.

A healthy natural environment is necessary for development, especially for sectors directly relying on these resources for livelihoods, such as farmers and fisherfolk. The Company is cognizant of the actual and potential impacts of its business activities and, as such, aims to protect biodiversity and assist communities in improving local environmental issues. CLI has mainly launched coastal protection programs that involve coastal cleanups and mangrove rehabilitation and enhancement activities and a river waste management program in Pakigne River in Minglanilla, Cebu City.

The Leadership and Educational Assistance Program (LEAP) encompasses most of CLI's current and future educational initiatives, focusing on giving full scholarships to dependents of CLI employees. This exclusive partnership with the University of San Carlos aims to enrich students' education and provide career opportunities with Cebu Landmasters. Additionally, there are plans to implement a community-based skills program in 2023, prioritizing construction and property management training.

Furthermore, the Company directly supports local entrepreneurship by strengthening the capital of cooperatives and organizations. One of the main initiatives involves donating vegetable seedlings to the BUKID-Multi Purpose Cooperative and assisting in the distribution of their produce through the Tabo sa CLI project. CLI also collaborates with start-ups, small businesses, and women's organizations to launch more initiatives in 2023.

OUR BUSINESS

DEVELOPING SUSTAINABLE AND RESILIENT SPACES

Pillar 1: Product

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

Cebu Landmasters strengthens its position as the leading real estate developer in Visayas and Mindanao, evidenced by its outstanding financial performance, strong topline growth across all segments, solid and healthy balance sheet, progressive project launches, value generation for stakeholders, and other notable milestones. CLI's continuous business growth fuels its financial and manufactured capital, allowing the Company to enhance initiatives for its workforce and community while investing in more sustainable projects.

32%
YOY growth in Normalized Net Income

40%
YOY growth in Consolidated Revenues

P85 BILLION
Total Assets

P19.4 BILLION
Project Launches Sales Value

P0.15 PER SHARE REGULAR CASH DIVIDEND
&
P0.03 PER SHARE SPECIAL CASH DIVIDEND
Declared 2022 Retained earnings

Financial Review

CLI's balance sheet remained solid and healthy to support construction and expansion plans. The Company's consolidated assets stood at P85.04 billion, a 28% YOY growth from P66.65 billion driven by increased contract assets, real estate inventories, and investment properties

Key Performance Indicator	2022	2021	2020
Gross Profit Margin	47%	46%	48%
Net Income Margin	23%	24%	25%
EBITDA	P5.7 billion	P3.7 billion	P3.36 billion
EBITDA Margin	36%	33%	40%
Return on Average Assets	5%	5%	5%
Return on Average Equity (Parent)	26%	27%	23%
Current Ratio	1.60	1.67	2.41
Debt to Equity Ratio	1.90	1.79	1.53
Net Debt to Equity Ratio	1.84	1.72	1.48
Interest Coverage Ratio	3.89	3.42	3.63

INCOME AND REVENUES

The Company recorded a Normalized Net Income to parent shareholders of P3.171 billion, an increase of 32% from P2.401 billion in 2021, considering that the remainder of after-tax adjustments for the year were factored out amounting to P212 million.

Consolidated revenues increased to P15.7 billion from P11.2 billion in FY 2021, resulting in a strong topline YOY growth of 40%. Additionally, the continued build-up of Unrealized Revenue amounted to P29 billion with a 17% YOY increase.

Key Performance Indicator	2022	2021	2020
Consolidated Revenues	P15.66 billion	P11.16 billion	P8.30 billion
Consolidated Net Income	P3.61 billion	P2.67 billion	P2.08 billion
Net Income attributable to parent	P3.17 billion	P2.61 billion	P1.85 billion
Net Income attributable to parent - Normalized*	P3.17 billion	P2.40 billion*	P1.85 billion

*After CREATE law adjustment of P212 million

Revenue growth is heavily driven by residential product sales and expansion to different areas in VisMin, with P15.44 billion or 98.6% of revenues attributable to real estate sales alone. This substantiates CLI's ability to effectively meet critical housing demand in the region.

Casa Mira (economic market segment) grew by 43% YOY, driven by Casa Mira Homes Ormoc, Casa Mira Homes Dumaguete, and Casa Mira Towers LPU Davao.

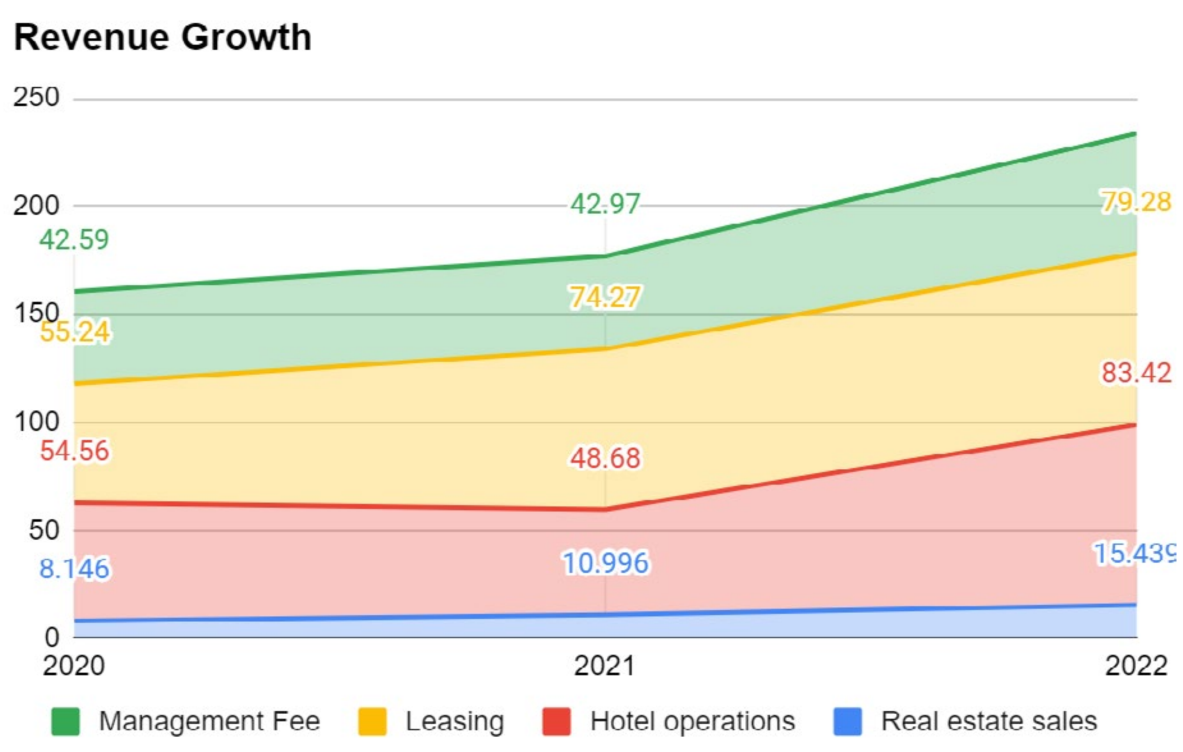
Garden Series (mid-market segment) has 30% higher YOY revenues, with The East Village at DGT being the most significant contributor. This is also the first residential project of CLI's Davao Global Township (DGT), showing promising growth prospects for future developments in DGT.

Premier Masters (premier market segment) increased its revenues by 47% YOY, fueled by the new revenue qualifications and accomplishments from Terranza Residences in Iloilo City and Costa Mira Beachtown Mactan in Mactan, Cebu.

Project Category	% share
P7.36 billion Casa Mira	47%
P4.16 billion Garden Series	27%
P3.83 billion Premier Masters	24%

Location	% share
Cebu	42%
Visayas	28%
Mindanao	29%

Revenues from other business activities such as hotel operations, leasing, and property management have only increased as the Company captures opportunities arising from the country's shift to a post-pandemic economy.



Hotel revenues grew by 71% YOY with the reopening of local and international borders, reviving trade and tourism.

Due to new lease agreements and tenants in the recently finished Latitude Corporate Center, CLI's rental income increased by 7% YOY. This is fueled by the Company's 30,006 sq.m. GLA, including the completed 38 Park Avenue retail in Cebu IT Park being leased by high net-worth partner merchants. Recent office and retail developments boost CLI's rental occupancy rate, rising from 41% in 2021 to 48% in 2022.

Management fee revenues increased by 29% YOY from the continuous turnover of completed projects during the year, particularly Casa Mira South Phase 1 and 2, Casa Mira Coast, Velmiro Uptown CDO, and Casa Mira Bacolod.

RESERVATION SALES

CLI recorded a 10% hike in reservation sales YOY to P18.1 billion, driven by a robust VisMin market. A high 76% of sales were from newly launched developments, with the rest coming from persistent demand for ongoing projects. In 2022, the Garden Series (mid-market) gained momentum as it had the highest share of reservation sales.

Project Category	% share
Garden Series	47%
Casa Mira	40%
Premier Masters	13%

Location	% share
Mindanao	34%
Cebu	32%
Visayas	25%
Palawan	9%

The Company launched 16 real estate projects, with the sales velocity hitting peak levels with most developments fully taken up within days. The East Village at DGT sold out in four days, with new record-breaking sales of P4 billion. Calle 104 sold out the fastest in three days, with P2.4 billion in reservation sales. Casa Mira Towers Palawan Phase 1 was 85% sold in less than one week.

DIVIDENDS

The closing price of the Company's common shares listed on the Philippine Stock Exchange (PSE) is P2.80 per share as of December 29, 2022, with the market capitalization being P9.7 billion.

With the Company's stellar performance and proven execution capability to adapt to the 'new normal' surpassing pre-pandemic growth and income levels, the Board declared a regular and special cash dividend of P0.15 and P0.03 per share on March 20, 2023, with a total estimated amount of P624 million, a 20% increase from the P520 million paid to stockholders last year. The recently declared dividends have a record date of April 18, 2023, and will be paid on April 28, 2023.

COST AND EXPENSES

The Company's cost of sales for FY 2022 amounted to P8.37 billion, an increase of 40% from P5.97 billion in line with the increase in revenue.

Total operating expenses for the year were P2.37 billion, up 21% from P1.95 billion, primarily due to commissions and incentives tied to the increase in real estate revenues. Additionally, the CLI Group's workforce increased to 801 employees from 691 personnel, with a 20% increase in salaries and benefits, totaling P516 million to support CLI's expansions across VisMin.

The cost of borrowing for the year was P811.68 million with an average borrowing rate of 6.07%, up from the 4.77% in 2021 due to the Bangko Sentral ng Pilipinas' (BSP) ongoing increase in interest rates to counter inflation. The borrowing cost, recorded as period costs and expenses, represents the interest on bank loans and corporate notes used to finance the Company's project developments.

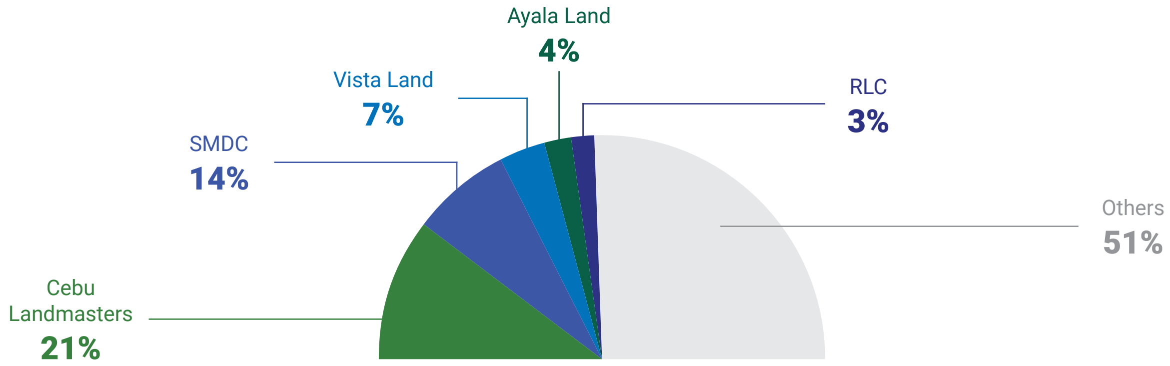
FUELING GROWTH WITH SUCCESSFUL CAPITAL RAISE

Cebu Landmasters successfully listed its maiden fixed-rate bond offering worth P5 billion at the Philippine Dealing and Exchange Corporation (PDEx). The Philippine Rating Services Corporation (PhilRatings) assigned an Issue Credit Rating of PRS Aa plus with a stable outlook.

This initial issuance is the first from CLI's new three-year shelf registration program of P15 billion. The Company will use the bonds to support its growth plans, primarily by investing in markets where CLI's initial foray has exceeded expectations and continuing its strategic land banking activities.

Market Leadership

Cebu Landmasters strategically allocates resources to maintain its market leadership in the VisMin region. An in-depth market study by Colliers International Philippines, Inc. identified CLI as the number one real estate developer in VisMin in 2022, having the largest market share among real estate firms. The Company dominates the industry, evidenced by its high sales velocity and 21% market share based on net sales take-up outpacing the industry. Strong market demand and brand trust drive CLI's success.



The Company strengthened its leadership in the region by launching 16 real estate projects worth P19.36 billion, which is 7.5% higher than 2021. The P11-billion total capital expenditures fuel these developments primarily for property development, exceeding 2021 expenditures by 13%.

CLI specializes in residential projects and remains at the forefront of meeting the sustained housing demand, given that 40% of its launches from Casa Mira continue to address the housing backlog. These projects also strengthen the Company's foothold outside Cebu to serve VisMin communities better.

2022 REAL ESTATE PROJECT LAUNCHES


Astra Corporate Center


Casa Mira Dumaguete Ph2


The East Village at DGT T1


The East Village at DGT T2


The East Village at DGT T3


The East Village at DGT T4


Velmiro Greens Bohol Expansion Ph2


Casa Mira South 4B.2


Casa Mira Towers Palawan T1


Casa Mira Towers Palawan T2


Casa Mira Towers Palawan T3


Ramos Tower at Calle 104


The Ranudo Tower at Calle 104


Casa Mira Homes Danao


Costa Mira Beachtown Panglao


Casa Mira Towers Bacolod T3

CLI acquires high-value landbank to drive continued growth of revenues in the coming years. The Company expanded its landbank with its acquisition of a 17-ha site in Butuan City, resulting in a current landbank of 109 hectares with a total value of P10.6 billion by the end of 2022.

Driving Sustainable Development

As a property developer, the Company's growth heavily relies on creating value for all stakeholders in the short- and long-term. Strategies that preserve or augment its financial and manufactured capitals are particularly crucial.

2023 OUTLOOK

The Company foresees continued growth in financial performance in 2023, primarily driven by new launches. CLI will launch P29.75 billion of 19 pipeline projects to drive reservation sales, fueled by the P13.5 billion expenditures for project development (83%) and land acquisition (11%).

Hospitality and retail projects will increase the Company's topline as the country shifts to a post-pandemic economy. Hospitality projects, namely The Pad Co-Living, Citadines Bacolod City, and lyf Cebu City will increase revenues with 477 room keys available. Davao Global Township Phase 1 will also add 4,000 sq.m. GLA with new leases joining CLI's roster of notable tenants.

Newly-completed projects will bring in P10 billion in potential takeouts in 2023, comprising the residential properties Velmiro Greens Bohol, Velmiro Uptown CDO, Casa Mira South Phase 3, and Casa Mira Iloilo.

GROWTH STRATEGIES

Cebu Landmasters has been sustaining its growth through several strategies that will ensure its progress in the future.

Expansion in key areas

The Company focuses its quality developments in key cities in VisMin, with several strategic land acquisitions in greater Cebu, Bacolod, CDO, and Davao, and new expansion areas like Butuan, Roxas, General Santos City, and Palawan also on the horizon.

Building recurring income developments

CLI targets a long-term growth trajectory and is committed to growing its recurring income portfolio. CLI's current recurring income assets include BPO floor space, executive office space, residential units, and various commercial and retail units in its condominium projects. These assets now deliver an annual lease income to CLI of close to P79.28 million with their combined GLA of 30,006 sq.m. Currently, the Company's rental occupancy rate is 48% after the newly delivered spaces from Latitude Corporate Center, wherein leasing initiatives are ongoing. Astra Center and Patria de Cebu are ongoing commercial developments that can boost CLI's recurring income in the future.

The new developments in Davao, Phase 1 of Davao Global Township and The Paragon Davao are also planned to boost the recurring income of the Company by 2025 by integrating a hotel, commercial center, office, and residential tower into one development.

Vertical integration of property management

Cebu Landmasters Property Management, Inc. (CLIPM) was incorporated to provide property management services to housing, condominium, and office projects developed by the Company. To make CLIPM a self-sustaining and revenue-generating business unit, it eventually offered and expanded its services to outside clients. Currently, CLIPM manages 23 projects with steadily-growing revenues since its incorporation.

Growth of economic housing brand (Casa Mira)

The Casa Mira brand was designed to answer the underserved demand in the affordable housing sector. Even after the pandemic, Casa Mira remained CLI's fastest-selling and most sought-after brand, with unit prices ranging from P1.80 million to P3.00 million. Correspondingly, the monthly amortizations range from as low as P6,000 to as high as P15,000. This brand caters to households with monthly incomes of P15,000.00 to P30,000.00.

Currently, there are 15 Casa Mira communities and a total of over 15,000 housing units in VisMin, namely: 1) Casa Mira Linao, 2) Casa Mira South, 3) Casa Mira Towers Guadalupe, 4) Casa Mira Towers Labangon, 5) Casa Mira Towers Mandaue, 6) Casa Mira Coast, 7) Casa Mira Bacolod, 8) Casa Mira Towers CDO, 9) Casa Mira Iloilo, 10) Casa Mira Homes Dumaguete, 11) Casa Mira Towers LPU, 12) Casa Mira Homes Ormoc, 13) Casa Mira Towers Bacolod, 14) Casa Mira Towers Palawan and 15) Casa Mira Homes Danao.

In 2022, CLI rolled out this brand in Palawan. The Company sees this as an excellent opportunity to tap into the classes C, and D markets to which most of the working population belongs. With the Philippines' young and growing workforce, the need for quality affordable permanent housing options will continue to escalate.

Capitalizing on pipeline projects

CLI has a solid pipeline of over 21 projects over the next two years, including 19 residential, one office condo, and the start of lot sales in Davao Global Township. CLI will also begin work on the remaining Phase 1 of Davao Global Township, which comprises the Cultural Center, City Center, and Pavilion. CLI plans to expand its present product offerings across VisMin with additional vertical residential and mixed-use complexes that will produce revenue and recurring income for the Company.

Establish and leverage strategic partnerships, alliances joint ventures and cooperation

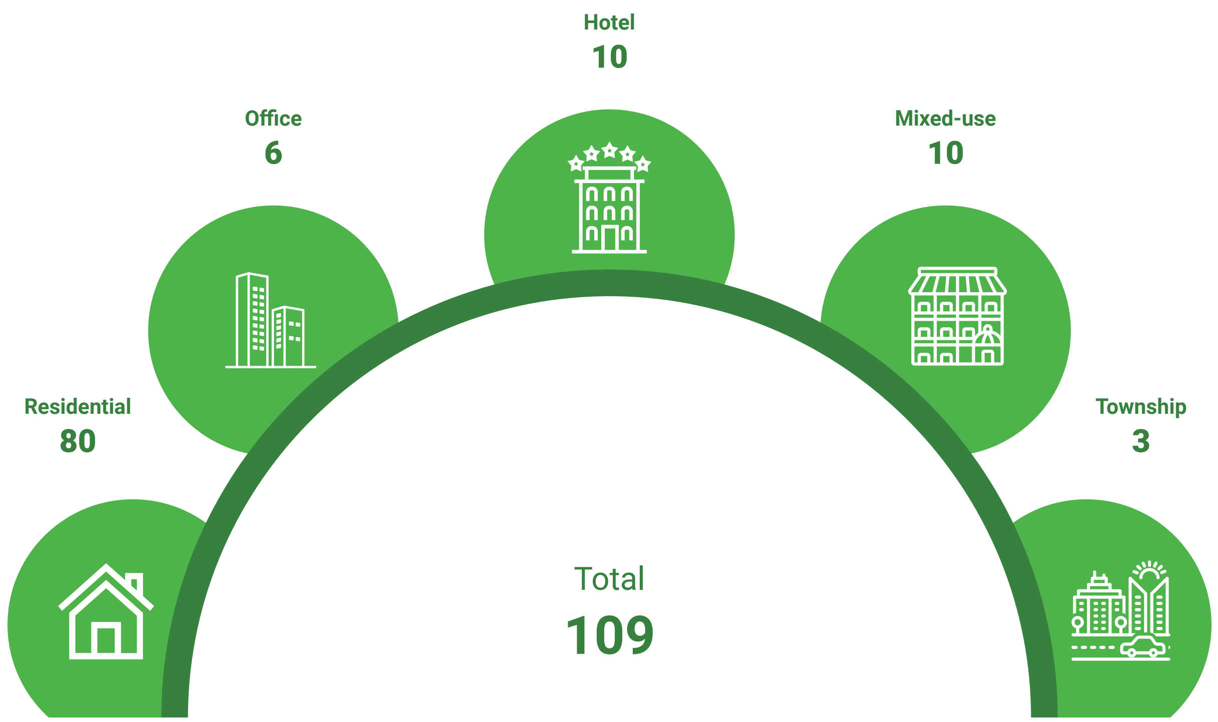
CLI pursues local partnerships to enhance its expansion plans. The Company has proven that strategic alliances are immensely beneficial for securing strategic locations and entering new markets, as long as the JVs are executed with best practices. Its existing JVs are BL CBP Ventures, Inc. (BLCBP), CCLI Premier Hotels, Inc. (CCLI), Cebu BL-Ramos Ventures Inc. (CBLRV), Cebu Homegrown Developers, Inc. (CHDI), CLI Premier Hotels Int'l. Inc. (CPH), El Camino Developers Cebu (El Camino), GGTT Realty Corporation (GGTT), Mivesa Garden Residences, Inc. (MGR), YHES Premier Hotel Inc. (YHESPH, YHEST Realty and Development Corporation (YHEST), Yuson Excellence Soberano, Inc. (YES), Yuson Huang Excellence Soberano, Inc. (YHES), Sugbo Prime Estates, Inc. (SPH), and CLI-LITE, Inc.

Additionally, the business expanded its stake in Ming-Mori Development Corporation from 20% to 78%, making it the joint venture's project manager and principal developer.

Project Categories

Project Portfolio

Cebu Landmasters develops projects catering to stakeholders' needs and demands in Visayas and Mindanao. A diverse real estate portfolio provides various services across different markets, whether residential, mixed-use developments, hotels and resorts, offices and retail, and townships and estates.

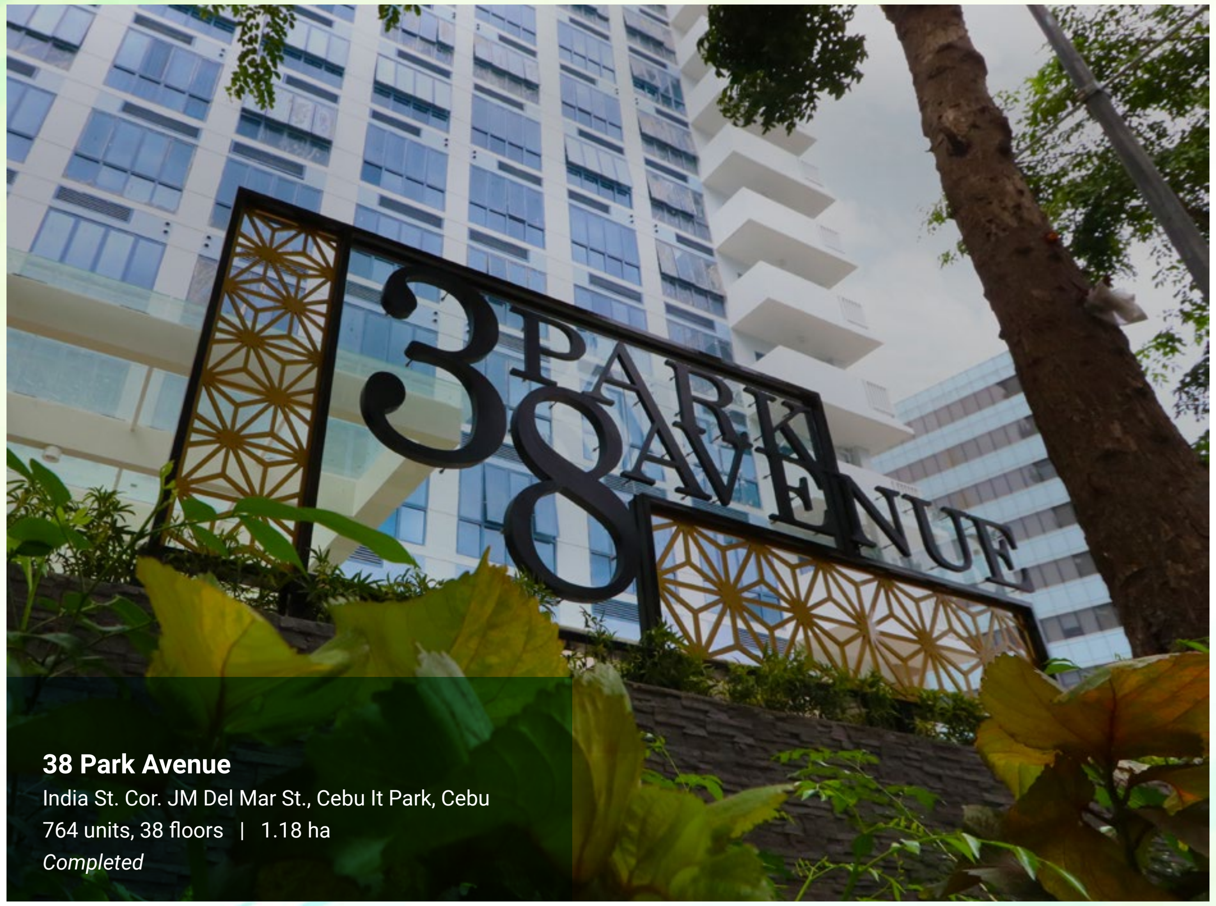


RESIDENTIAL
Subdivisions, Condominiums, and Beach Towns

PREMIER MASTERS

Asia Premier Residences
J.M. Del Mar St., Cebu I.T. Park, Apas, Cebu City
88 units | 1.038 sq.m.
Completed

Base Line Premier
Base Line Center, Juana Osmeña St., Cebu City
379 units, 27 floors | 1.1 ha
Completed



38 Park Avenue
India St. Cor. JM Del Mar St., Cebu It Park, Cebu
764 units, 38 floors | 1.18 ha
Completed

Base Line Residences
Base Line Center, Juana Osmeña St., Cebu City
201 units | 1,500 sq.m.
Completed

Base Line Prestige
Base Line Center, Juana Osmeña St., Cebu City
351 units, 31 floors | 1 ha
Ongoing

One Astra Place
Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
Tower 1 - 478 units, **Tower 2** - 533 units
12,338 sq.m.
Ongoing

One Paragon Place
Matina, Davao City
554 units, 26 stories | 19,392 sq.m.
Ongoing

Ranudo Tower at Calle 104
Ranudo St., Cebu City
192 units | 12,186 sq.m. GFA | 21,071 sq.m. CFA
Ongoing

Terranza Residences
Arroyo St., Iloilo City
600 units | 2,539 sq.m.
Ongoing

The North Village at Pristina
Talamban, Cebu City
Phase 1: **Tower 1** - 391 units, **Tower 2** - 596 units
Phase 1: 16,061.99 sq.m.
Planning Stage

The West Village at DGT
Davao Global Township, Matina, Davao City
2,000 units | 11,472 sq.m.
Planning Stage

GARDEN SERIES

MesaTierra Garden Residences
E. Jacinto Ext., Davao City
677 units | 5,094 sq.m.
Completed

MesaVerte Garden Residences
Osmena Ext., Cagayan de Oro City
Tower 1 - 252 units, **Tower 2** - 252 units, **Tower 3** - 294 units
8,740 sq.m.
Completed

MesaVirre Garden Residences
Lacson St., Bacolod City
Building A - 294 units, **Building B** - 442 units
Completed
Building C - 336 units
Ongoing
1 ha

Midori Plains
Tungkop, Minglanilla, Cebu
370 units | 7 ha
Completed

Midori Residences
A.S. Fortuna St., Banilad, Mandaue City
396 units | 5,200 sq.m.
Completed

Mivesa Garden Residences
Lahug, Cebu City
Phase 1 - 299 units, **Phase 2** - 638 units, **Phase 3** - 576 units
1.8 ha
Completed

San Jose Maria Village
Balamban:
231 units | 3 ha
Minglanilla:
145 units | 3.1 ha
Talisay:
96 units | 2 ha
Toledo:
144 units | 3 ha
Completed

Velmiro Heights Minglanilla
Tunghaan, Minglanilla, Cebu
348 units | 8.8 ha
Completed

Velmiro Uptown CDO
Upper Canitoan, CDO
395 units | 14.3 ha
Completed

Mandtra Residences
P. Basubas St., Tipolo, Mandaue City
Tower 1 - 595 units, **Tower 2** - 685 units,
Tower 3 - 599 units
1.24 ha | **Tower 2** - 23,710 sq.m. (GFA)
Ongoing

Mivela Garden Residences
Apas, Cebu City
Tower 1 - 384 units, **Tower 2** - 505 units
Tower 3 - 360 units, **Tower 4** - 336 units
1.26 ha
Ongoing

Ramos Tower at Calle 104
F. Ramos St., Cogon, Cebu City
325 units | 12,049 sq.m. GFA | 17,973 sq.m. CFA
Ongoing

The East Village at DGT
Davao Global Township, Matina, Davao City
Tower 1, Tower 2, Tower 3, Tower 4
1,474 units | Lot Area (Phase 1) - 1.8 ha
Ongoing
Tower 5, Tower 6
717 units | 7,532.96 sq.m.
Planning Stage

Velmiro Greens Bohol
Biking, Dauis, Panglao, Bohol
Phase 1 - 204 units, **Phase 2** - 52 units
3.6 ha
Ongoing

Velmiro Heights CDO
Brgy Agusan, CDO
518 units | 12 ha
Ongoing

Velmiro Plains Bacolod
Brgy. Granada, Bacolod City
342 units | 8.12 ha
Ongoing

Mindara Residences
LPU Town, Brgy Sa-sa, Buhangin, Davao City
546 units | 3,698 sq.m.
Planning Stage

Manresa
Tower 1, Tower 3
Uptown, Cagayan de Oro, Misamis Oriental
992 units | 4,390 sq.m.
Planning Stage

Velmiro Heights Consolacion
Brgy. Tolo-tolo, Consolacion
378 units | 10.52 ha
Planning Stage

Velmiro Heights Davao
Brgy. Magtuod, Davao City
362 units | 11.52 ha
Planning Stage

CASA MIRA

Casa Mira South
Bordering Langtad, City of Naga &
Pitalo, San Fernando, Cebu
Phase 1A - 342 units, **Phase 1B** - 667 units
Phase 2A - 494 units, **Phase 2B** - 250 units
Completed
Phase 3A - 162 units, **Phase 3B** - 456 units
Phase 4A - 666 units, **Phase 4B** - 357 units
Ongoing
Phase 4A, 4B.3, and **Phase 5A**
130 units
Planning Stage
39 ha

Casa Mira Coast
Sibulan, Negros Oriental
543 units | 5.3 ha
Completed

Casa Mira Linao
Maghaway Road, Brgy. Linao, Talisay City, Cebu
725 units | 7.8 ha
Completed

Casa Mira Towers Labangon
Salvador St., Labangon, Cebu City
Tower 1 - 272 units, **Tower 2** - 414 units
4,448 sq.m.
Completed

Casa Mira Homes Bacolod
Brgy. Granada, Bacolod City
431 units | 4.5 ha
Ongoing

Casa Mira Homes Danao
Guinsay, Danao City
595 units | 8 ha
Ongoing

Casa Mira Homes Dumaguete
Brgy. Junob, Dumaguete City
Phase 1 - 517 units, **Phase 2** - 87 units
7 ha
Ongoing

Casa Mira Homes Ormoc
Brgy. Luna, Ormoc City
685 units | 9.1 ha
Ongoing

Casa Mira Linao (Phase 3)
Linao, Minglanilla, Cebu
126 units | 14,919 sq.m.
Ongoing

Casa Mira Iloilo
Brgy. Camalig, Jaro, Ilo-Ilo City
1,109 units | 14 ha
Ongoing

Casa Mira Towers Bacolod
Lacson St., Brgy. Bata, Bacolod City
Tower 1- 379 units, **Tower 2** - 327 units, **Tower 3** - 327 units
1.1 ha
Ongoing
Tower 4- 378 units
Planning Stage

Casa Mira Towers CDO
Brgy. Kauswagan, Cagayan de Oro City
Tower 1 - 542 units, **Tower 2** - 444 units
6,315 sq.m.
Ongoing

Casa Mira Towers Guadalupe
Guadalupe, Cebu City
Tower 1 - 544 units, **Tower 2** - 234 units, **Tower 3** - 453 units
4,794 sq.m.
Ongoing

Casa Mira Towers LPU Davao
CP Garcia Highway, Brgy. Sasa, Davao City
Tower 1 - 465 units, **Tower 2** - 465 units
7,604 sq.m.
Ongoing

Casa Mira Towers Mandaue
Brgy. Ibabao, Mandaue City
Tower 2 - 407 units, **Tower 3** - 505 units
1.14 ha
Ongoing

Casa Mira Towers Palawan
Puerto Princesa, Palawan
Tower 1 - 227, **Tower 2** - 253, **Tower 3** - 241
2 ha
Ongoing
Tower 4 - 384 units, **Tower 5** - 345 units
Tower 6 - 271 units, **Tower 7** - 296 units
2.09 ha
Planning Stage

Casa Mira Homes Butuan
Km.8 Brgy. Ampayon, Butuan City
1,373 units | 11 ha
Planning Stage

Casa Mira Homes Davao
Brgy. Magtuod, Davao City
837 units | 13.58 ha
Planning Stage

Casa Mira Towers Mandaue (Tower 1)
Brgy. Ibabao, Mandaue City
Tower 1 - 256 units | **Tower 4** - 384 units | **Tower 5** - 345 units
18,413.70 sq.m.
Planning Stage

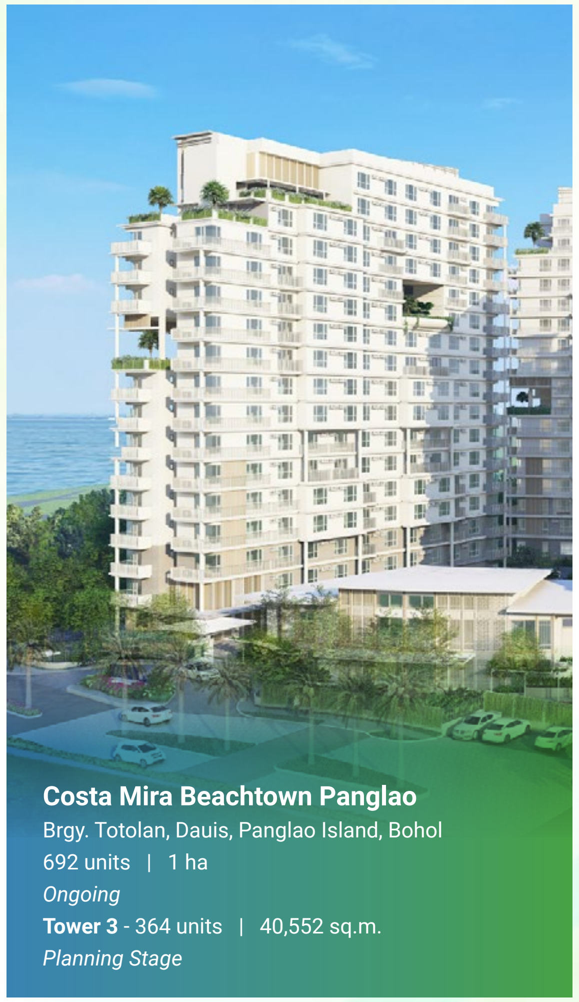
MIRANI

Mirani Steps Danao
Brgy. Guinsay, Danao City
215 units | 1 ha with commercial
Planning Stage

Mirani Homes Bogo
Brgy. La Paz, Bogo City
620 units | 4.7 ha
Planning Stage

BEACHTOWN SERIES

Costa Mira Beachtown Mactan
Brgy. Suba-Basbas, Lapu-Lapu City. Mactan Island
Tower 1 - 337 units, **Tower 2** - 322 units
1.14 ha
Ongoing
Tower 3 - 288 units, **Tower 4** - 182 units
18,413.70 sq.m.
Planning Stage



Costa Mira Beachtown Panglao
Brgy. Totolan, Dauis, Panglao Island, Bohol
692 units | 1 ha
Ongoing
Tower 3 - 364 units | 40,552 sq.m.
Planning Stage

SOCIALIZED HOUSING

Pinamalayan Socialized Housing
Oriental Mindoro
338 units | 38,639 sq.m.
Completed

Villa Casita Balamban
Brgy. Buanoy, Balamban, Cebu
101 units | 8,000 sq.m.
Completed

Villa Casita North
Brgy. La Paz, Bogo City
663 units | 4.8 ha
Completed

MIXED-USE

Base Line Center
Juana Osmeña St., Cebu City
11 units | 1.02 ha
Completed

Banilad High Street
Banilad, Cebu
7,500 sq.m.
Ongoing

Astra Centre
A.S. Fortuna St., Banilad, Mandaue City
1.2 ha
Ongoing

Masters Tower Cebu
Cebu Business Park
2,804 sq.m.
Ongoing

Patria de Cebu Mixed-Use
Patria de Cebu, P. Gomez St., Cebu City
6,670 sq.m.
Ongoing

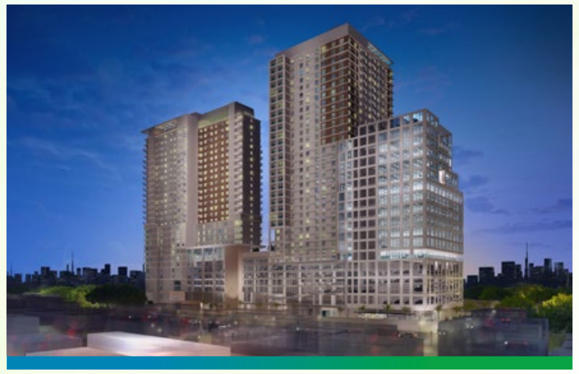
The Paragon Davao
MacArthur Highway, Matina, Davao City
1.9. ha
Ongoing

OFFICES & RETAIL

Base Line Center HQ
Base Line Center, Juana Osmeña St., Cebu City
64 units, 6 floors | 2,117 sq.m. GFA
Completed

Latitude Corporate Center
Mindanao Ave., Cebu Business Park, Cebu City
58 units, 24 floors | 21,000 sq.m. GFA | 2.35 ha
Complete

Park Centrale Tower
J.M. Del Mar St., Cebu I.T. Park, Apas, Cebu City
55 units | 11,920 sq.m. GFA
Completed



Astra Corporate Center
Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
66 units (BPO Offices), 84 units (Enterprise), 12 floors
18,823 sq.m. GFA
Ongoing

Masters Tower Cebu (Office Component)
Cebu Business Park
32 floors (8th - 12th floors for office spaces) | 2,804 sq.m.
Ongoing

Patria de Cebu Office
Patria de Cebu, P. Gomez St., Cebu City
7 floors (3F - 7F) | 5,335.99 sq.m.
Ongoing

Base Line Center Retail
Juana Osmeña St., Cebu City
11 units | 10,258 sq.m. GLA
Completed

Latitude Corporate Center (Retail)
Mindanao Ave., Cebu Business Park, Cebu City
6 units | 21,000 sq.m. GFA | 2.35 ha
Complete

Astra Centre Lifestyle Mall
Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
4 Levels, 14,215.39 sq.m. GFA | 10,925.26 sq.m. GLA
Ongoing

Base Line Center (Phase 2 - Retail Wing)
Juana Osmeña St., Cebu City
2 levels, 3,117 sq.m. GFA
Ongoing

DGT Cultural Center
Matina, Davao City
2,405 sq.m. Lot Area
2,988 sq.m. GFA | 703 sq.m. GLA
Ongoing

DGT City Center
Matina, Davao City
14,344 sq.m. Lot Area
17,430 sq.m. GFA | 10,372 sq.m. GLA
Ongoing

Patria de Cebu Retail Area (Old Building Retail)
Patria de Cebu, P. Gomez St., Cebu City
2 levels | 4,320 sq.m. GFA
Ongoing

The Paragon Davao Convention Center
MacArthur Highway, Matina, Davao City
2,252 sq.m. GLA | 4,842 sq.m. GFA
Ongoing

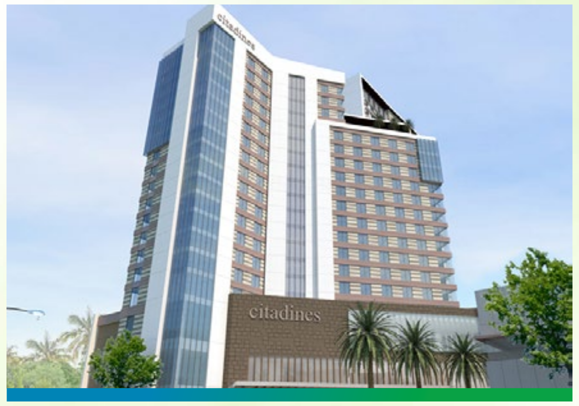
The Paragon Davao Lifestyle Mall
The Paragon Davao, MacArthur Highway, Matina, Davao City
8,226 sq.m. GFA | 4,564 sq.m. GLA
Ongoing

Banilad High Street
The Pad, Banilad, Cebu City
2 levels | 2,006 sq.m. GFA
Ongoing

38 Park Avenue Retail
India St. Cor. JM Del Mar St., Cebu It Park, Cebu
2 Levels | 1,898.58 sq.m. GLA
Ongoing

HOTELS & RESORTS

Citadines Cebu City
Base Line Center, Juana Osmeña St., Cebu City
180 rooms | 10,948.03 sq.m. GFA
Completed



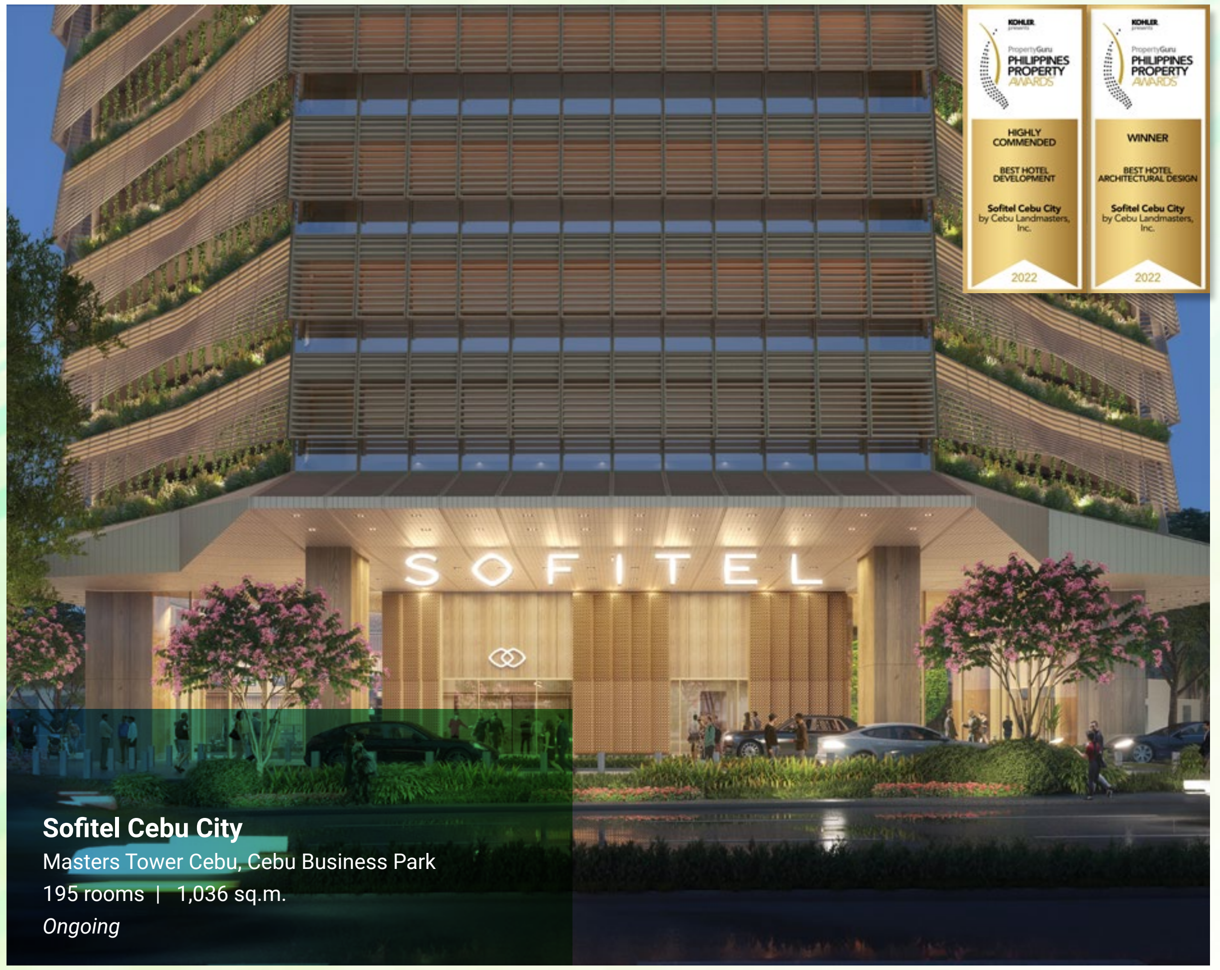
Citadines Paragon Davao
Gen. MacArthur Highway, Brgy. Bucana, Davao City
263 rooms, 19 floors | 19,084 sq.m. GFA
Ongoing

Citadines Bacolod City
Brgy. Bata, Bacolod City
200 rooms | 4,502 sq.m. GFA
Ongoing

lyf Cebu City
Base Line Center, Juana Osmeña St., Cebu City
163 rooms | 3,577 sq.m. GFA
Ongoing

Mercure Downtown Cebu
Patria de Cebu, P. Burgos St., Cebu City
167 rooms | 6,670 sq.m.
Ongoing

Radisson RED Cebu Mandaue
Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
146 rooms | 12,338 sq.m. GFA
Ongoing



Sofitel Cebu City
Masters Tower Cebu, Cebu Business Park
195 rooms | 1,036 sq.m.
Ongoing

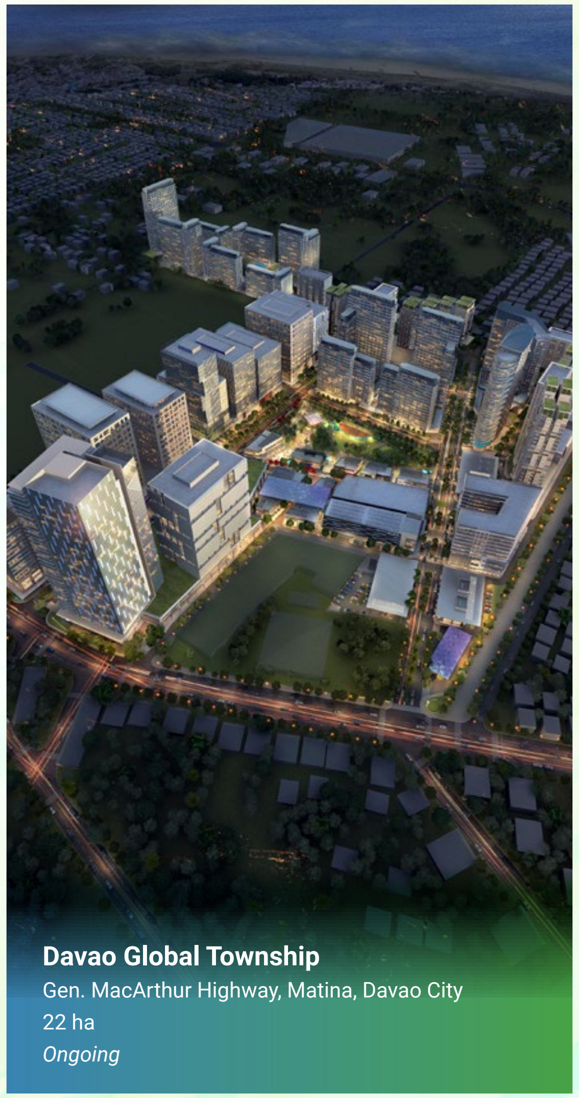
MagsPeak Mountain Resort and Villas
Magsaysay Peak, Sunog, Balamban, Cebu
20 hotel rooms, 13 villas | 14.9 ha
Ongoing

Abaca Resort Mactan
Punta Engano, Lapu-Lapu City, Mactan
144 rooms | 4,238 sq.m.
Ongoing

CO-LIVING

The Pad Co-Living
Banilad, Cebu City
256 rooms | 7,500 sq.m.
Ongoing

TOWNSHIPS & ESTATES



Davao Global Township
Gen. MacArthur Highway, Matina, Davao City
22 ha
Ongoing

Manresa Town
Uptown Area, CDO
14.5 ha
Ongoing

Minglanilla Techno Business Park (MingMori)
Minglanilla, Cebu
100 ha
Ongoing

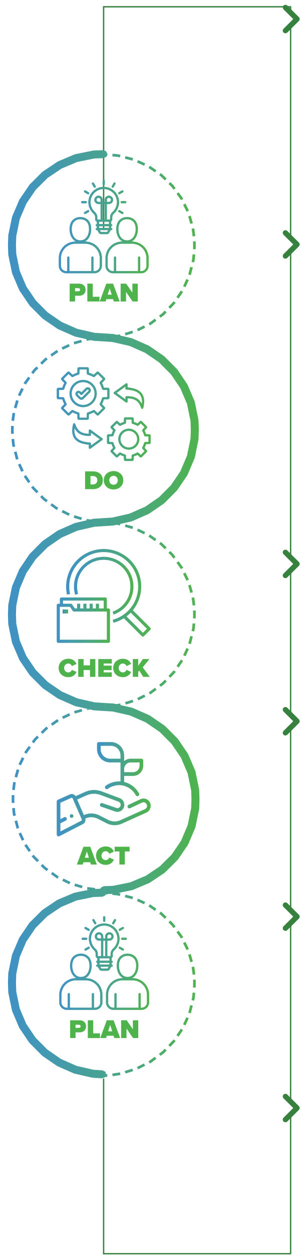
OUR SUSTAINABILITY STRATEGY

GRI 2-23 | GRI 2-24 | GRI 2-29

CLI's sustainability strategy consists of a reliable method of assessing its sustainability performance in all business activities. This led to developing commitments aligned with the Company's core principles, value chain, and material topics.

Our Approach and Journey to Sustainability

CLI continuously improves and embeds sustainability in its business processes through a comprehensive Plan-Do-Check-Act (PDCA) cycle.



1
Materiality assessments
Board and management committee sessions, Organizational process and policy review, Updating the year's six capitals, Reviewing risks, opportunities, and material impacts, and Creating the Strategic Management Office

2
Review of internal business processes, objectives, targets, and programs
Identifying key performance indicators and result areas as measures that evaluate the performance of the company, the departments and individuals on the following aspects: financial/operational, customer, environmental sustainability, community focus, employee engagement, training/organizational development, process improvement and digital innovation

3
Preparation of Corporate, Departmental and Individual Balanced Scorecards

4
Sustainability Mangament/Monitoring and Reporting
Measuring and tracking performance and
Documenting and reporting performance

5
Continuing Stakeholder Engagement/ Developing Sustainability Culture
Implement sustainability programs and activities and Continuous capacity building

6
Performance review (gap analysis and identification of areas for improvement)
Use data to improve performance and set target reductions on resource use and impacts

CLI's Sustainability Framework

THE FIVE PILLARS

"Creating Lasting Impact" is CLI's commitment regarding the Company's sustainability strategy and contributions to sustainable development. The Five Pillars is a result of assessing the Company's risks, issues, impacts, and opportunities. It provides a snapshot of CLI's Economic, Environmental, Social, and Governance (EESG) profile and defines the Company's sustainability vision and strategy, goals and objectives, and alignment with the 17 UN Sustainable Development Goals (SDGs).

1 PRODUCT

Developing Sustainable and Resilient Spaces

- Product quality and affordability
- Providing products for the low-income segment
- Diversified product portfolio
- Product eco-efficiency
- Product resilience and safety
- Risk-based project management

2 PROFIT/ PROGRESS

Growing the Business and Supporting Local Markets

- Economic value creation and distribution
- Financial impacts due to climate-related risks
- Local sourcing
- Indirect economic impacts
- Procurement practices

3 PLANET

Conserving Resources and Managing Environmental Impacts

- Energy, water, and materials
- Waste management
- Emissions management
- Biodiversity management
- Climate risk adaptation and mitigation

4 PEOPLE

Engaging and Investing in our People, Customers, and Communities

- Employee welfare
- Training and organizational development
- Employee and customer health and safety
- Diversity and equal opportunity
- Customer feedback and satisfaction
- Community development programs
- Stakeholder engagement

5 PROCESS/ PRACTICE

Achieving Organizational Efficiency and Good Corporate Governance

- Legal and Compliance
- Effective risk management and business continuity
- Data security and privacy
- Digital innovation
- ESG monitoring and investor communication
- Organizational alignment and internal business processes optimization

Sustainability Governance Structure

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-13 | GRI 2-14

The Corporate Governance Committee is the highest governing body responsible for the Company's sustainability programs and performance. This board-level oversight ensures that CLI delivers on its commitment to sustainability.

CLI takes a cross-functional team approach through the Sustainability Committee, which comprises all units across the value chain. The President and CEO is the primary decision-maker on all matters affecting the company's strategy and bears ultimate responsibility for the Company's operations. The CEO has delegated operational responsibility to the Chief Operating Officer (COO), who also serves as the Chief Sustainability Officer (CSO) who drives the Company's sustainability objectives, strategies, and programs.

Senior management teams are assigned to one of the Five Pillars and are accountable for achieving the goals of the EESG topics. The Sustainability Committee then reports to the Board of Directors (BOD) through the Corporate Governance Committee and provides sustainability performance targets and program recommendations.

Management Level | **Sustainability Governance and Management**

TOP LEVEL
- 1. Board of Directors
- 2. Corporate Governance Committee

MID-LEVEL
- 3. Sustainability Committee at the Management Level
  - a. COO and CSO
    - i. Sustainability Manager
    - ii. Senior Management teams and Sustainability Champions per department (accross the value chain)
      - 1. Planning and development
      - 2. Operations and management
      - 3. Support functions

Our Sustainability Commitment

CLI'S SUSTAINABILITY POLICY FRAMEWORK

GRI 2-23

The Company is mindful of its impacts as a real estate developer and fully embraces its vision of becoming the most customer-centric and community-focused organization in VisMin. CLI aims to operate responsibly and ethically to create long-term value for the business and its stakeholders while managing social and environmental impacts.

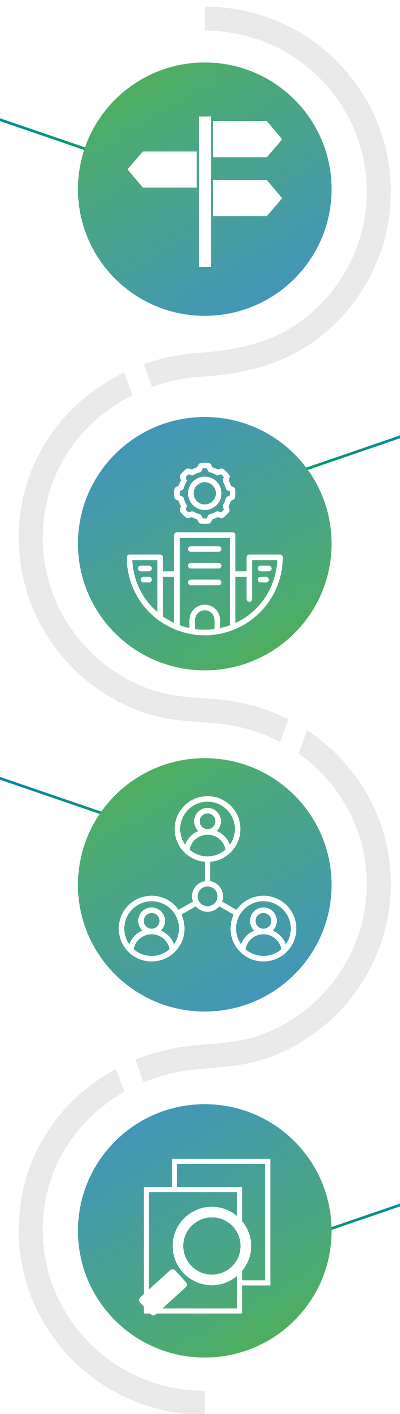
To achieve this, CLI commits to the following:

- Identify global and local economic, environmental, social, and governance (EESG) issues, trends, and impacts most relevant to the business and its stakeholder.
- Drive sustainability across the value chain, aligning programs with business strategy, risks, opportunities, and stakeholder interests.
- Measure, manage, and communicate the company's performance and progress in minimizing environmental and social impacts.
- Adhere to and comply with all applicable regulatory requirements.
- Continually improve channels of engaging employees, customers, suppliers, investors, community partners, and other stakeholders to manage their expectations, consider their perspectives, and address their concerns.
- Develop a culture of sustainability across the entire organization at all levels and allocate needed resources to support sustainability capability-building programs.
- Conduct regular reviews to improve the company's sustainability performance.

Materiality Process

GRI 3-1

The BOD, executive committee, and management committee conducted CLI's annual strategic planning session to review its key business activities, risks, and impacts and re-assess its data management tools to measure the Company's significant effects on the environment, economy, and society.



STRATEGIC ALIGNMENT

Anchoring the sustainability strategy on the Company's vision and operations

- Vision, Mission, and Core Values
- Key Business Activities
- Business Strategy and Core Competency

SIX CAPITALS APPROACH

Accounts for all tangible and intangible capitals to sustainably develop products and provide services

- Natural
- Financial
- Intellectual
- Manufactured
- Social and Relationship
- Human

STAKEHOLDER MAPPING & ENGAGEMENT

Regularly communicating with stakeholders to identify and address concerns

- Internal stakeholders
- External stakeholders

IDENTIFICATION & ASSESSMENT OF MATERIAL IMPACTS

Conducting rigorous assessments to determine the most important topics

- Economic
- Environmental
- Social
- Governance

Stakeholder Engagement

GRI 2-29

The Company regularly engages with stakeholder groups to update material topics through a multi-channel approach. CLI has also embraced digital innovations, such as online systems, to improve the engagement process. In particular, the Company has conducted virtual launches, project turnovers, and other online events for brokers and sellers.

In 2022, the Company balanced face-to-face meetings with virtual engagements, online learning sessions, and project launches. Significant events that involved CLI's partners, brokers, sellers, customers, and communities were done onsite or face-to-face.

PHASE	STAKEHOLDERS
Strategic land banking	• Business development team, Technical consultants • Landowners and project partners
Business development, design, and technical planning	• Technical consultants (urban planners and architects) • LGUs, regulators, and national government agencies • Communities
Construction and engineering	• Project teams (engineering) • Contractors and suppliers • Skilled labor • Regulators • Utility providers • Communities and the general public
Sales, leasing, hotel operations, customer relations, and accounts management	• Marketing, sales, leasing, and customer relations teams • Brokers and sellers • Hotel guests • Suppliers • National and local media, social media influencers • Buyers • Lessees
Property management	• Property management team • Property occupants (homeowners, locators, tenants, and merchants) • Providers of outsourced services and other suppliers • Regulators • Utility providers • Communities

Key Stakeholder Groups

- Banks, financial institutions, and creditors
- Brokers and sellers
- Business partners (land and property owners)
- Buyers (product end-users)
- Condominium corporations
- Contractors and suppliers (workforce)
- Employees (direct and indirect hires)
- Financial analysts
- Homeowners' associations
- Hotel guests
- Individual shareholders
- Institutional (investors and providers of capital)
- National and local media partners
- Office and retail space tenants
- Partner communities (informal settler families, fisherfolk, farmers' coop, women's organizations, and other vulnerable sectors)
- Regulators and government agencies
- Technical consultants (urban planners, architects, and engineers)
- Utility providers

Material Topics and Disclosures

GRI 3-2

CLI conducted a rigorous material impact assessment. This involved a strategic planning pre-work and session, management committee meetings, data collection and validation, sustainability talks with experts on climate change-related risks and green buildings, an alignment with the risk management process, and a thorough review of stakeholder feedback.

MATERIALITY ASSESSMENT SHOWS PROLONGED IMPACTS OF DISASTERS ON STAKEHOLDERS

CLI regularly gathers and reviews stakeholder concerns as an integral part of the materiality process. Feedback from the Company's workforce, customers, and partner communities revealed that the impacts of Typhoon Odette in December 2021 still affected their health, safety, and well-being during the earlier part of 2022.

As the country continues to adjust to a post-pandemic reality, the Company began its organizational, process, and policy reviews to develop strategic measures that best address the needs of CLI and its stakeholders.

CLI formed an inter-departmental and cross-functional task force as detailed in the Sustainability Governance Structure to better execute the Company's sustainability strategy. The work sessions of the task force provided significant inputs for the process review and target setting, which led to developing the corporate, departmental, and individual balanced scorecards.

The scorecard development sessions served as the CLI's materiality exercise. This involved discussing the steps in formulating key result areas vis-à-vis key performance indicators (KPIs), targets, and rating systems aligned with the strategic plan. Aside from financial performance tracking, the scorecard has specific KPIs and measures on organizational development, customers, communities, process digitalization, and environmental sustainability in project development.

<IR> Framework Disclosures
- The Six Capitals: 1) Financial, 2) Manufactured, 3) Intellectual, 4) Human, 5) Social and Relationship, and 6) Natural
- Content Elements: 1) Organizational overview and external environment, 2) Governance, 3) Business model, 4) Risks and opportunities, 5) Strategy and resource allocation, 6) Performance, 7) Outlook, and 8) Basis of presentation

		Materiality Impacts			Balanced Scorecard Alignment (CLI Performance Management System)	Alignment with Disclosures		
	THEMES	Material Topics	Why it Matters	Who is Affected?		SEC	GRI	SASB
ECONOMIC	Economic value generation & distribution	• Economic value generated, distributed, and retained	• CLI ensures long-term shareholder value, helps local markets grow, and contributes to the local economy in the area where it serves. • CLI relies on contractors with both local and national experience to build real estate products. • CLI ethically conducts its business. • CLI ensures its products are resilient against climate change impacts and hazards.	• Workforce • Shareholders • Business operations • Customers • Local suppliers and communities	• Financial • Business	• Proportion of spending on local suppliers • Anti-corruption policy • Supply chain management	• 201 Economic Performance • 202 Market Presence • 203 Indirect Economic Impacts • 204 Procurement Practices	• Business Model Innovation • Product Quality and Safety • Leadership and Governance • Materials Sourcing • Supply Chain Management
	Significant indirect economic impacts	• Products for the low-income segment • Workforce supported in the supply chain • Local sourcing • Procurement practices • Anti-corruption • Climate-related financial impacts						
ENVIRONMENTAL	Resource management	• Year-on-year measurements of land, water, energy, and materials disclosures	• CLI relies on its natural capital to develop its products. • CLI commits to responsibly managing resources in commercial properties and construction sites. • CLI's business operations impact the environment from design and development to construction and operations.	• Business operations • Customers or end-users • Local environment	• Environmental Sustainability • Resource Conservation • Product Innovation: Application of Green Features	• Water consumption within the organization • Materials used by organization • Ecosystems and biodiversity • GHG and air emissions	• 301 Materials • 303 Water withdrawal • 301-2 Recycled input materials used • 302 Energy • 303-4 (2018 std) Water Discharge • 304 Biodiversity • 305-6 Emissions of ozone-depleting substances • 306-4 Transport of hazardous waste • 306 Waste • 307 Environmental Compliance	• Environmental Social impacts on assets/ operations • Energy Management • Fuel Management • GHG Emissions • Water and Wastewater Management • Waste and Hazardous Materials Management • Biodiversity Impacts
	Environmental impact management	• Impacts and mitigation of GHG emissions, solid waste, effluents, and hazardous waste • Adapting innovations, ecosystems protection, and green buildings						
GOVERNANCE	Board composition & responsibilities	• Governance policies on board composition and responsibilities • Risk management • IT and digitalization	• CLI conducts its business responsibly, professionally, ethically, and with transparency and accountability.	• Employees • Customers • Business partners	• Process and Digitalization	• Legal and Compliance • Governance disclosures		

<IR> Framework Disclosures

- The Six Capitals: 1) Financial, 2) Manufactured, 3) Intellectual, 4) Human, 5) Social and Relationship, and 6) Natural
- Content Elements: 1) Organizational overview and external environment, 2) Governance, 3) Business model, 4) Risks and opportunities, 5) Strategy and resource allocation, 6) Performance, 7) Outlook, and 8) Basis of presentation

	Materiality Impacts			Balanced Scorecard Alignment (CLI Performance Management System)	Alignment with Disclosures		
THEMES	Material Topics	Why it Matters	Who is Affected?		SEC	GRI	SASB
SOCIAL — Employee management	• Employee health and well-being • Compliance with labor standards • Training and development • Diversity and equal opportunity	• CLI prioritizes its employees' health and well-being and promotes a quality workplace. • CLI strives to be customer-centric and improves its systems to enhance customer experience. • CLI values its relationship with its partners and provides needed resources to improve the living conditions of families in its partner and host communities	• Employees	• People • Customer • Communities • Organizational Development • Learning and Growth	• Labor-management relations • Workplace conditions, labor standards, and human rights	• 401 Employment • 402 Minimum Notice periods regarding operational changes • 403 Health and Safety • 403-Worker training on occupational health and safety • 403-9 Work-related injuries • 404 Training and Education	**Human Capital** • Fair Labor Practices • Employee Health, Safety, and Well-being • Compensation and Benefits • Recruitment, Development, and Retention **Social Capital** • Access and Affordability • Data Security and Customer Privacy • Customer Welfare **Governance and Leadership** • Accident and Safety Management • Fair Disclosure and Labeling • Fair Marketing and Advertising • Community Relations
SOCIAL — Customer Management	• Marketing and Labeling • Customer Privacy • Customer Health and Safety		• Customers		• Customer privacy • Data security	• 417 Marketing and Labeling • 418-1 Customer Privacy	
SOCIAL — Community/ Stakeholder Engagement	• Partnerships and development programs with local communities		• Host and partner communities		• Relationship with communities	• 413 Local Communities	

ECONOMIC SUSTAINABILITY

GROWING THE BUSINESS AND SUPPORTING LOCAL MARKETS

CLI saw an outstanding financial and operational performance in 2022, allowing it to continue fueling its own business while bolstering the local economy. Moving forward, the Company strives to generate positive economic impacts and mitigate risks to its people and communities.

Pillar 2: Profit/Progress

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

MATERIAL TOPICS

- Economic value generated, distributed, and retained
- Significant indirect economic impacts
- Products for low-income segment
- Workforce supported in the supply chain
- Local sourcing
- Procurement Practices
- Anti-corruption
- Climate-related financial impacts

Creating and Distributing Economic Value

GRI 201-2 | GRI 203-2

The Company's 2022 financial performance showed a promising growth trajectory, such as in the 40% YOY growth in total revenues that amounted to P15.7 billion. Since CLI engages with various stakeholder groups, its financial success has broad direct and indirect economic impacts.

Direct Economic Impacts

Employee wages and benefits:

P0.52 billion, +40% YOY

Salaries and benefits paid to CLI's human capital, the most valuable asset in the value creation process

Payments to contractors and suppliers

P7.62 billion, +7% YOY

Payments for goods received from suppliers and contracted services by construction companies

Operating costs

P2.37 billion, +22%

Expenses incurred to sustain the Company's operations

Dividends paid in 2022

P0.52 billion, +33.7% YOY

Issued to providers of capital or stockholders and paid based on the earnings, cash flow, and financial condition of the Company after considering future capital expenditures and project requirements

Interest payments to loan providers

P1.93 billion, +30% YOY

Payments to banks, in line with the agreed payment terms and schedule

Government taxes

P1.16 billion, +170% YOY

Taxes imposed on the net profits of corporations

BUILDING CLIMATE RESILIENCE

GRI 201-2

In the 2022 Philippines Country Climate and Development Report (CCDR), the World Bank Group assessed the country as one of the most affected by extreme climate events. Other studies like the World Risk Report 2022 support this, which ranked the Philippines as having the highest disaster risk out of 193 countries.

Extreme weather events have significantly hampered the country's economic growth. CCDR estimated annual losses from typhoons can reach up to 1.2% of the gross domestic product (GDP) and as much as 4.6% of GDP in extreme cases like Super Typhoon Yolanda in 2013.

The Company and its communities experienced these climate risks firsthand when Typhoon Odette hit the region in December 2021, the impacts of which were mostly felt even in the early months of 2022. Climate impacts clearly affect business operations, financial performance, and especially stakeholders. As the most customer-centric and community-focused organization in VisMin, the Company dedicates itself to augmenting climate change awareness, improving climate-related risk assessment, and developing appropriate adaptation and mitigation strategies.

CLI sought to improve its climate resilience and reduce environmental impacts by reassessing its key risks with environmental and safety risks prioritized, and enhancing its business continuity plans. Since it operates in areas highly affected by climate change impacts, the Company reviewed its design development, construction and property management plans, policies, and programs.

The established Risk Oversight Committee (ROC) advises the Board on high-level risk-related matters, including climate-related risks, risk appetite, risk governance, and internal controls. The ROC, chaired by an independent director, oversees the developing and maintaining a robust risk management framework by regularly monitoring and reviewing internal control and compliance systems. To promptly mitigate risks and benefit from opportunities, the ROC holds regular meetings to identify risks and opportunities and discuss action plans.

CLI launched a focused disaster risk management approach in 2022 by establishing its Disaster Risk Management Team, the Disaster Command Center, Corporate Center Emergency Response Team, and Disaster Risk Reduction and Management Manual and Policy. The management committee and departments conducted disaster management learning sessions and workshops, while members of the Emergency Response Teams attended training sessions. The training sessions covered a) basic emergency preparedness and response, b) basic patient assessment and basic life support, and c) tabletop exercises on fire emergency response.

The Company produced emergency response procedures and guidelines, incident reporting and management procedures, and a project emergency preparedness and response plan for typhoons applicable to construction sites through the workshops, learning sessions, and trainings.

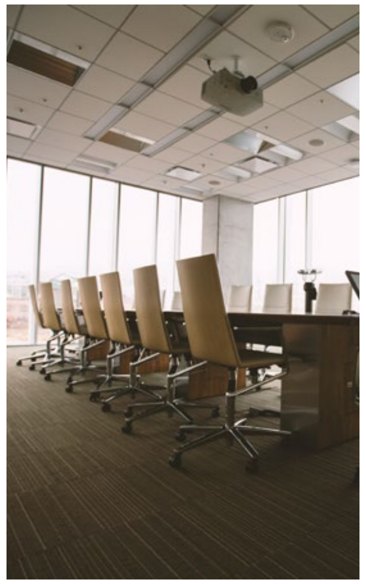
The Company improved its physical infrastructures and disaster risk management system after Typhoon Odette. For the design of properties, the technical planning team for residential projects reviewed and enhanced the design of roof framing to withstand higher wind velocity above 300 kph. The team also allocated more than the prescribed open space mandate for vertical and horizontal projects. The added open space can improve people's mental and physical well-being by allowing them to enjoy outdoor leisure activities and serve as evacuation areas during disasters. The Company also considers installing alternative energy sources like solar panels for common space lighting and utilities as part of its resource conservation program.

ANTI-CORRUPTION PRACTICES

GRI 205-2 | GRI 205-3 | GRI 206-1

Anti-corruption practices allow CLI's capitals to increase and transform, leading to optimized internal processes, client and shareholder preference, and overall business attractiveness in a competitive industry. CLI actively promotes anti-corruption through a written policy on anti-graft and corruption reflected in the Code of Business Conduct and Ethical Standards.

Board members and management receive anti-corruption training and communicate these policies to all employees in onboarding. The management also gives employees periodic reminders and updates on the code of conduct to ensure these are observed. As a result, there have been no incidents of corruption in the Company. Likewise, CLI has not participated in any cases or legal proceedings involving anti-competitive behavior or anti-trust or monopoly legislation violations.



Helping Local Economies Flourish

GRI 202-2 | GRI 204-1

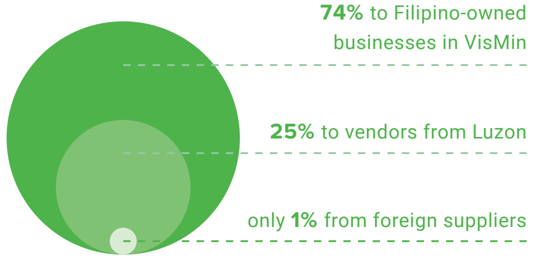
Cebu Landmasters aspires to spur economic growth in the VisMin region as it pursues its own sustainable growth. As such, the Company prioritizes and nurtures talents from the region. CLI hired most of its senior management committee members from the local community of major operation site locations. Considering compensation, CLI offers competitive wages regardless of gender and location. CLI favors local suppliers, contractors, and home-grown businesses to strengthen its local partnerships. This includes design services and construction work packages such as civil, electrical, plumbing, fire protection, architectural works, and other specialty services.

Supporting the Local Economy

78%
of CLI's senior management committee members are from the local communities

23%
higher entry-level wage vs local minimum wage

P7.62
billion spent in local supplies and contracted services



In the future, CLI plans to explore a monitoring system that tracks supply chain spending or patronage of women and vulnerable sector talents, suppliers, and contractors.

RESPONSIBLE PROCUREMENT PRACTICES

CLI's extensive knowledge and experience of the local markets, strong relationship with the local experts such as contractors, government, advisers and other suppliers enables the Company to be a preferred partner of these institutions.

Suppliers and contractors are crucial to CLI's operations, as they are heavily involved in the supply chain and directly influence the transformation, increase, and depletion of all six capitals. The Company relies on various general and specialty independent contractors with both local and national expertise and experience to provide various services for the company's development needs. In turn, the quality of CLI's products highly depend on the quality of inputs obtained from suppliers and service providers. As such, the risks associated in construction or project execution can originate from contractors who are unable to meet the Company's quality standards within the budget and expected timeframe. This can result in higher construction and rectification costs.

Procuring goods and services is centralized at CLI's headquarters, the Supply Chain Management Department responsible for goods and the Engineering Department for contracted services. The Company engages contractors for land development and project construction on a per-project basis. While CLI previously outsourced architectural and engineering services for all its projects, the Company began developing engineering and architectural design internally to save on costs.

For third-party contractors and suppliers, CLI employs a pre-qualification process to ensure legitimacy, performance capabilities, and ability to meet the Company's standards in code of conduct, workplace and facility standards, human rights, and environmental impacts and management.

Through the prequalification and bidding procedure, CLI obtains construction materials and services from third-party local and national suppliers who fulfill the Company's stringent quality requirements. The Company selects suppliers who can deliver the best value. This entails delivering the highest quality and timely work at the lowest cost, ensuring safe and on-time delivery, and demonstrating adaptability and innovation to meet the Company's needs.

Supplier Accreditation Process

1 Compliance with Regulatory Requirements

All suppliers and contractors intending to do business with CLI must apply for accreditation by submitting the following, but not limited to: a) Company Profile, b) Business Permit/ Mayor's Permit c) BIR Form 2303; d) PCAB License; e) SEC/DTI Registration (or COR) f) Articles of Incorporation/GIS; g) DOLE Certificate

2 Appraisal

CLI shall appraise all suppliers applying for accreditation. They will be assessed on their Capability (project portfolios), Financial stability (Audited Financial statements) and Liquidity (Bank statement).

3 Review and Evaluation

All accredited suppliers shall be included and maintained in the supplier information database and will be reassessed regularly to ensure compliance and delivery.

Additionally, CLI implements a procurement policy that requires at least three proposals from different bidders. This is supported by an established policy on monitoring contractor and supplier's performance as the basis for developing long-term partnerships.

Once procured, CLI has appropriate internal controls, organizational structure, and financial sustainability to ensure the supplier's continued delivery as contracted. The Company also actively supervises each phase of the construction of its projects through its project managers from the Engineering Department.

Although its current procurement practices have yielded excellent results, CLI always aims for the next level of performance. The Company continued to review its supply chain process and policy in 2022, including its supplier accreditation policy and guidelines. In line with the updated Global Reporting Initiative (GRI) General Disclosures, CLI plans to better reflect social criteria such as human rights, forced labor and child labor in future contracts. The Company is also currently drafting a consolidated vendor accreditation procedure for the Supply Chain and Engineering Departments.

In terms of monitoring, the Supply Chain Department enhanced the supplier monitoring system by tiering suppliers based on total purchase amount. The Company will consider this as one basis for the guidelines that will be required of the suppliers for compliance.

Through the planned improvements and systems in place, the Company does not foresee shortage in raw materials or services for its operations as it establishes strong partnership with various stable and resilient suppliers and contractors.

In the future, the Company will consider reviewing bidding or procurement procedures, and identifying sustainability areas that need to be included in supplier contracts and agreements like environmental data monitoring, human rights compliance, and social assessments. These can be covered in any of the following procedures: a) supplier performance evaluation, b) supplier accreditation c) renewal of contracts d) bidding.

Investing in Our Communities

GRI 203-1* | GRI 203-2

As a property developer, Cebu Landmasters' indirect economic impacts mainly comprise commercial and pro-bono infrastructure development. The Company has diverse product lines comprising residential units for sale, office and retail spaces for lease, and hotels and townships. As for pro-bono infrastructure, CLI has provided road widenings and repairs, a public market (Lahug, Cebu City), a transport terminal (Guadalupe, Cebu City), and drainage repairs and enhancements in various areas in VisMin.

**Detailed discussion is found in Our Business section*

Indirect Economic Impacts*

Community investments

P12 million

CLI's various contributions to its partner communities and external publics such as community infrastructure, housing, education, disaster and pandemic response, youth development, arts, heritage and culture, environment initiatives and other program partnerships implemented through the Cebu Landmasters Foundation, Inc., the Company's vehicle to pursue its corporate social responsibility agenda

Employment opportunities

CLI has supported over ten thousand jobs in the project development cycle by sourcing talent, services and materials locally.

Sustainable spaces

By developing well-planned, accessible, inclusive and resilient spaces, CLI has helped transform the landscape of the locality where its products are built. In the process, the Company has helped spur economic activity in these development areas.

Affordable housing

The Company has provided access to affordable housing by developing products for the low-to-medium income markets

**Detailed discussion can be found under Pillar 4 – Local Community Engagement*

ENVIRONMENTAL STEWARDSHIP

CONSERVING RESOURCES AND MANAGING ENVIRONMENTAL IMPACTS

Pillar 3: Planet

CLI depends on its natural capital to operate, and is cognizant of the resulting environmental impacts. The Company's ability to build residential, retail, townships, offices, hotels and resorts that benefit customers relies on accessing materials, water, and energy sustainably. Hence, the need to balance business productivity with resource conservation, impacts management, and climate adaptation.

MATERIAL TOPICS

- Baseline and year-on-year measurements of land, water, energy, and materials
- Mitigation of impacts
  - GHG emissions
  - Solid waste
  - Effluents
  - Hazardous waste
- Climate change adaptation
  - Green buildings
  - Innovation
  - Ecosystems protection

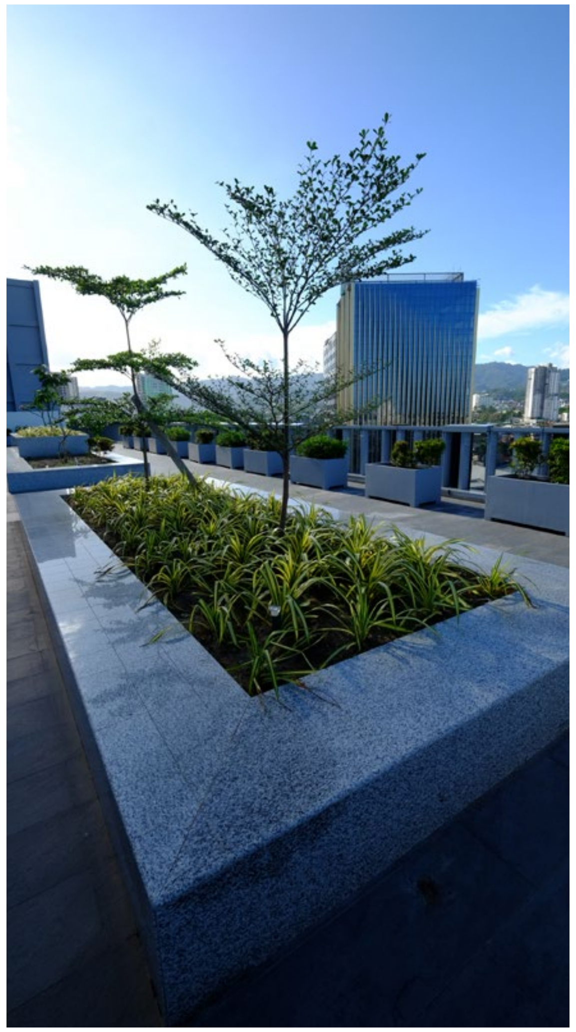
ENVIRONMENTAL COMPLIANCE

GRI 307

Cebu Landmasters considers environmental stewardship as a core value and views full compliance as more than just a legal duty. The Company keeps abreast of regulatory changes at the local and national level since these can also affect operations, especially those concerning land use and environmental protection.

The Company has a wide range of potential and actual environmental impacts as a land developer. Left unmanaged, extreme impacts could lead to overconsumption of resources, soil erosion, groundwater contamination, soil pollution, and habitat loss.

To effectively manage the risk of non-compliance, CLI established a team comprising different departments and business units to guarantee and monitor the Company's environmental compliance. In particular, Pollution Control Officers submit a quarterly Self-Monitoring Report and Compliance Monitoring Report to the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB).



ENVIRONMENTAL COMPLIANCE TEAM

External Affairs Department
Permits and Licenses Department
Engineering Department
CLI's Strategic Business Units
CLI Property Management
Pollution Control Officers

In 2022, there were no recorded violations of relevant environmental laws and regulations. CLI plans to invest in internal training and third-party advisories to monitor full compliance to the environmental laws and regulations and correct any non-compliance issues in the past.

Using Resources Responsibly

CLI's business sustainability relies on using resources responsibly. The Company uses its monitoring system to establish baseline and comparative data on our energy, water, and materials used. This system involves different departments for different sites for efficiency. This system allows CLI to make informed decisions on resource management, set reduction targets, and strategize the management of these resources. After the sustainability data management team assesses the data, it introduces conservation measures for concerned departments to cascade and implement.

Environmental Impacts Monitoring System

HUMAN RESOURCES AND ADMIN DEPARTMENTS
monitor water and energy use in corporate offices, showrooms, and staff houses

PROPERTY MANAGEMENT DEPARTMENT
tracks resource use in managed properties

ENGINEERING DEPARTMENT:
monitors materials usage in projects under construction in coordination with contractors and tracks contractor-supplied materials

SUPPLY CHAIN MANAGEMENT DEPARTMENT
takes note of owner-supplied materials

The Company implemented a more stringent monitoring system in 2022, which allowed it to more thoroughly, precisely, and effectively track resource use. As a result, trends can show drastic increases between current data and those from previous years.

CLI aims to continue tracking and conserving resource consumption while managing its impacts. The Company reflects its sustainability agenda by setting the development of resource conservation programs and reduction targets as major deliverables in the corporate and departmental scorecards.

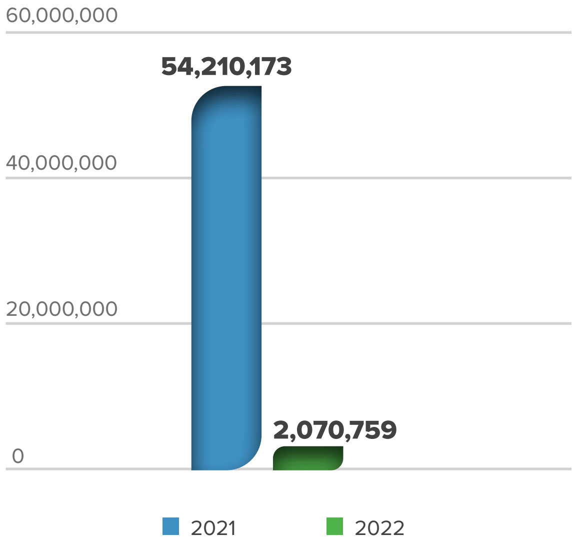
MATERIALS

GRI 301 | 301-1

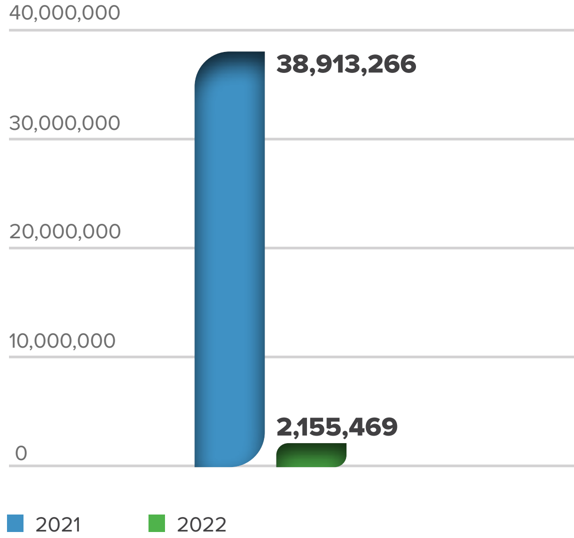
The Company transforms natural capital into manufactured capital in the construction phase of project development. CLI's business requires a significant volume of non-renewable construction materials, comprising sand, gravel, cement, rebars, and glass – all having considerable impacts. For instance, mining raw materials to produce glass, steel, and cement impacts land, water and air quality, and biodiversity. It is especially important to conserve mineral resources, given the particularly limited limestone deposits in the country.

CLI's projects consumed less sand (96%) and gravel (94%) in its construction projects in 2022, whereas cement use slightly decreased by 8%. On the other hand, CLI utilized 34%less steel rebars and 143% more glass.

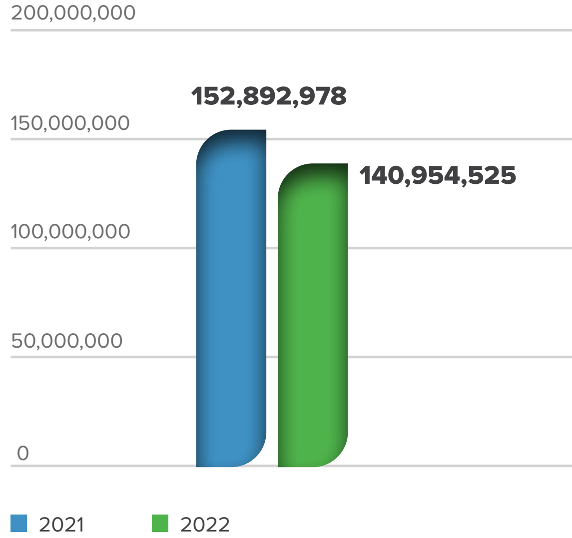
SAND (cu m)



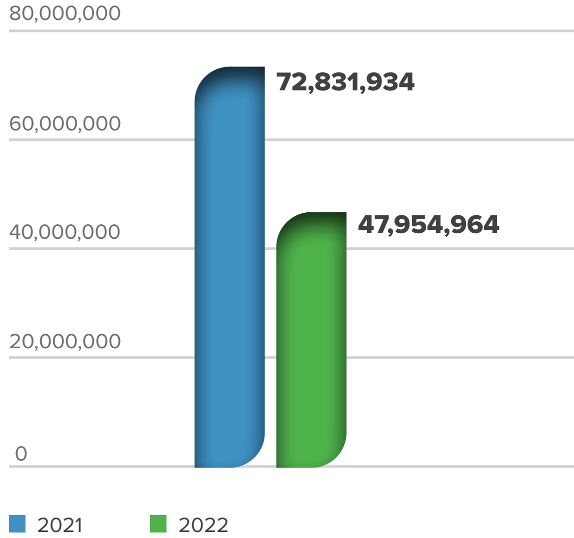
GRAVEL (cu m)



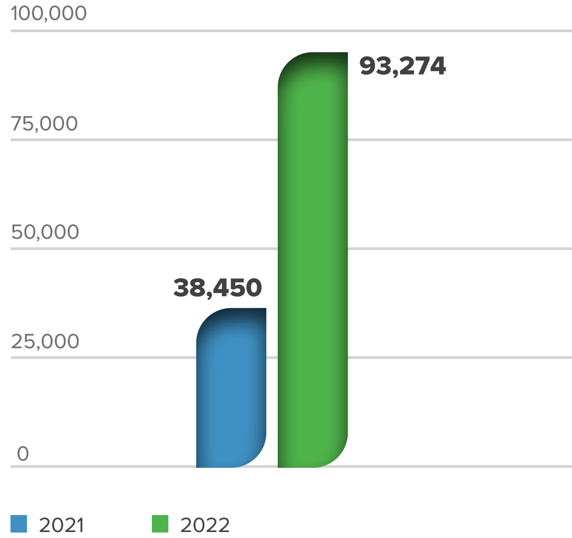
CEMENT (cu m)



REBARS (kg)



GLASS (sq.m.)



Since CLI relies on non-renewable materials for construction, the availability of these materials long-term is a major threat. Multiple factors can influence scarcity of construction materials, influencing their cost and affecting the Company's industry competitiveness.

Disasters and calamities can increase the demand for these materials, which can be exacerbated when supplies diminish as a result of suppliers experiencing manpower shortages. Global issues can also trigger local price fluctuations, especially for heavily imported resources such as fuel.

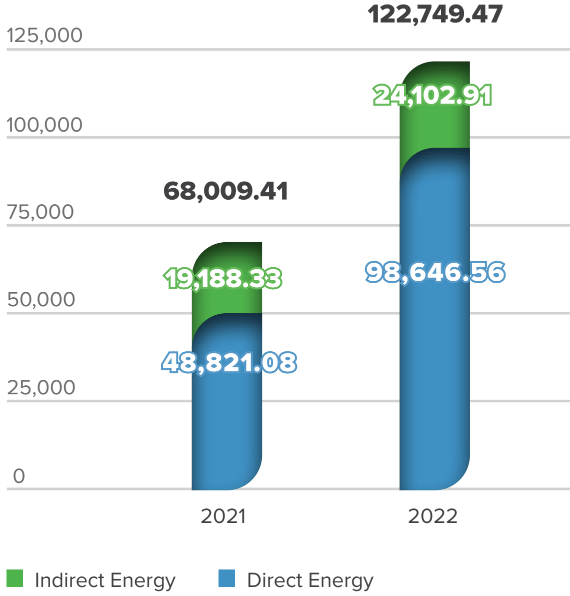
As discussed previously, CLI bolstered its monitoring system to better manage its resources. The Company also considers where in the supply chain it can impact resource efficiency the most. By coordinating with contractors, CLI improves its project execution and introduces the best construction practices. The Company can also reduce costs on materials that make up the largest portion of project spending like steel and cement. Moving forward, CLI aims to continue with its monitoring system to determine opportunities to improve material resource efficiency like exploring renewable or alternative materials.

ENERGY

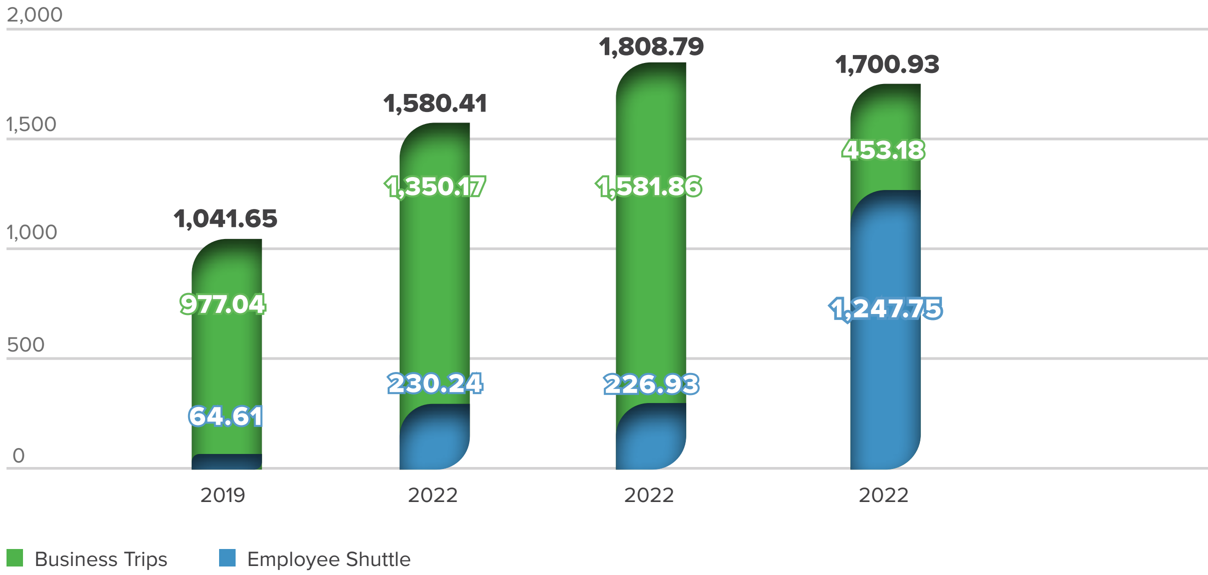
GRI 302 | 302-1 | 302-2

The Company needs energy from fuel and electricity throughout its supply chain and sites, namely, in corporate and satellite offices, commercial operations, construction projects and managed properties. CLI consumed a total of 122,749.48 GJ during the year, with around 80% or 98,646.56 GJ from fuel use and 20% or 24,102.917 GJ from purchased electricity.

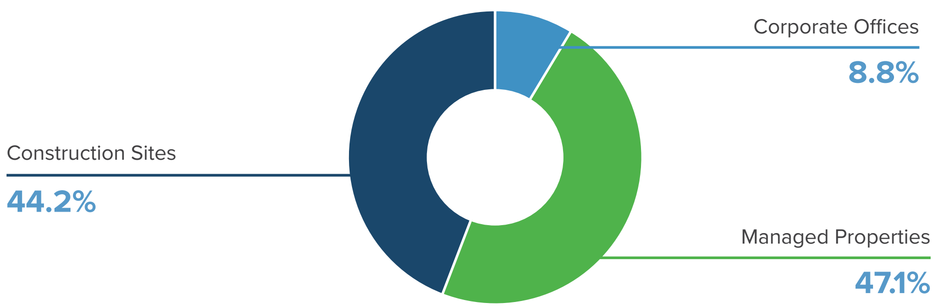
YOY DIRECT AND INDIRECT ENERGY CHANGE



FUEL CONSUMPTION ON TRANSPORTATION (GJ)



POWER CONSUMPTION (GJ)



See Appendices for the complete breakdown of direct and indirect energy consumption.

CLI purchases gasoline and diesel primarily for generator sets during power outages and at construction sites where there are no power lines to operate heavy equipment. Generator sets at construction sites consume the most energy overall, with 96,655.90 GJ. The Company also uses fuel to power vehicles in corporate and satellite offices for official business purposes. In 2022, CLI reduced its fuel consumption for transportation by 7.82%. This can be attributed to the improvement in the system of deployment of company vehicles and the reduced frequency of the use of the company's coaster for employee shuttle service.

The Company purchases the bulk of its indirect energy requirement from Visayan Electric Company (VECO), Davao Light and Power Company (DLPC), Central Negros Electric Cooperative (CENECO), Cagayan Electric Power and Light Co., Inc. (CEPALCO) and other utility companies in VisMin. The Admin Department and project contractors monitor energy consumption in their respective corporate offices, showrooms, and construction project sites. Leased areas of managed properties comprise a bulk of electricity consumption, approximately 60%. On the other hand, satellite offices and showrooms consume the least electricity (3.5%).

The Company manages its energy use by applying green building design. Cebu Landmasters Property Management (CLI PM), consistently monitors and implements energy efficiency practices in residential and commercial properties. Among these practices include:

- Carefully selecting efficient mechanical air handling unit (AHU) systems and brands
- Encouraging policy-driven installation and use of Heat Recovery Ventilator (HRV) devices to minimize operational costs
- Compliance with policies and standards, which are extended to tenants, locators and industry partners.

CLI tracks and assesses energy consumption risks, given the Company's dependence on this resource. For instance, the country's reliance on coal power plants is a major risk given its potential scarcity in the long-term and environmental impacts. The lack of coal supply can be a risk to the company's operations, particularly in Cebu, Davao and Cagayan de Oro where the major power distribution facilities are located such as VECO, DLPC, and CEPALCO, among others.

Although there are renewable energy sources supplying the Cebu, Negros, Panay (CNP) grid, these are prone to natural hazards such as earthquakes and can trigger major power supply disruptions. Additionally, the increasing population in urban areas and the lack of committed installation of new power sources can also result in energy shortages in VisMin. Considering the risks identified, the Company plans to explore viable renewable energy sources.

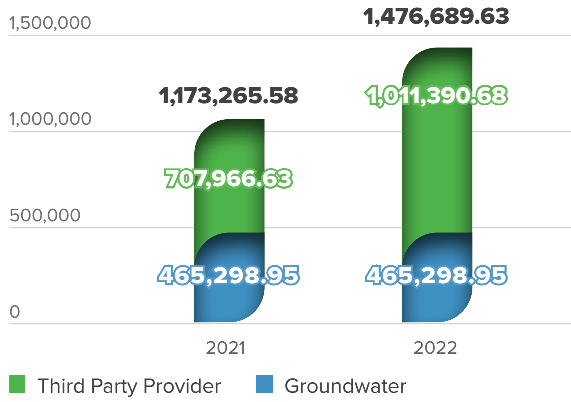
WATER

GRI 303 | GRI 303-3 | GRI 303-5

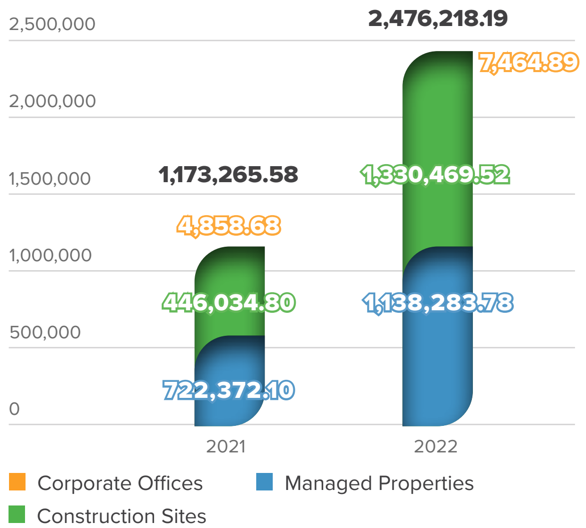
Water is vital to CLI's commercial operations, namely, in construction sites, offices, and retail and hotel facilities. The Company sources water from the Metropolitan Cebu Water District (MCWD), supplemented by groundwater extraction for other construction sites and managed properties. CLI's recorded water consumption in 2022 was 2,476,218.19 cu m, which is 111.05% more than the preceding year. Aside from new project launches, changes in the monitoring system potentially affected the spike in data.

Construction sites consumed the most water at 1,330,469.52 cu m (53.73%) used, followed by managed properties at 1,138,283.78 cu m (45.97%), and corporate offices consuming the least amount of water at 7,464.89 cu m (0.30%).

WATER SOURCE/WITHDRAWAL (cu m)



WATER CONSUMPTION (cu m)



More properties were monitored in 2022 due to new project launches and enhancements in the monitoring system. See Appendices for the complete breakdown of water consumption.

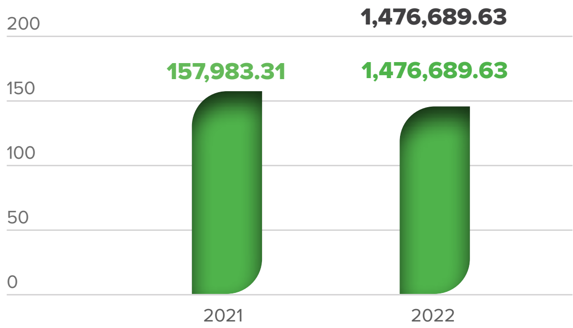
EFFLUENTS

GRI 303 | GRI 303-3 | GRI 303-5

Improperly discharged wastewater immediately and adversely affects water bodies and natural habitats, exposing wildlife and communities to harmful chemicals. As such, the Company minimizes effluents by designing and incorporating in its facilities wastewater treatment system in its residential, commercial, office, hotels and project sites. Around 80% of wastewater in managed properties is treated before discharge, while the remaining 20% is reused for irrigation and similar activities.

Domestic wastewater or sewage from residential subdivisions flows into a septic tank for a basic sewage treatment, specifically a biological decomposition and drainage process. In 2022, the Company's sewage treatment system processed 146,920.92 cu m of wastewater. This was discharged to receiving bodies of water with classification appropriate for the quality of the wastewater discharged. The wastewater treated was 6.98% less compared to the previous year, although this could be due to less properties being recorded for the reporting season.

WASTEWATER TREATED & DISCHARGED (cu m)



10/10 (100%) of properties reported wastewater data in 2021 while 8/11 (73%) reported in 2022.

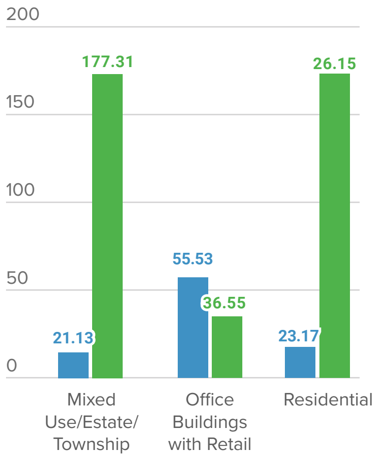
To improve wastewater management and water use efficiency, CLI is exploring a dual piping system for potable and non-potable water in vertical projects. Wastewater goes into a separate system for wastewater treatment, while treated wastewater or gray water is then reused for flushing or irrigation.

RESOURCE INTENSITY

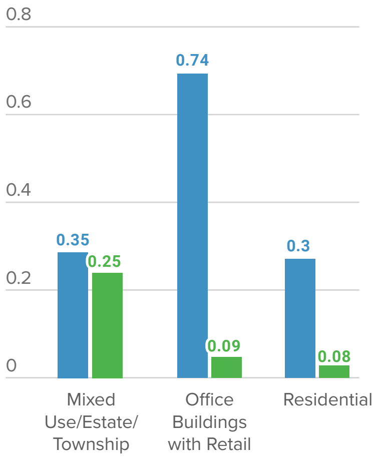
302-3

CLI monitors its energy intensity and water intensity, which shows resource consumption per square meter of space for residential and commercial spaces primarily on the common areas. This measures resource use efficiency, which is especially important in determining which properties are the most and least resource efficient. In 2022, the Company monitored 12 properties for direct energy, indirect energy, and water intensity. On average, residential projects were the most energy efficient while office buildings were the most water efficient.

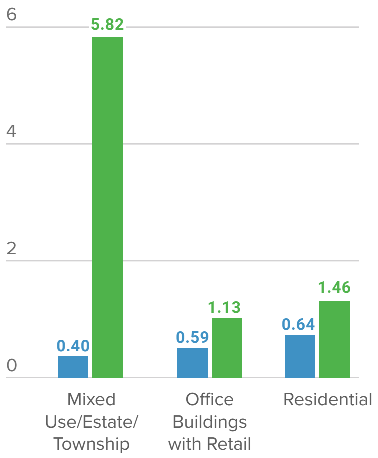
INDIRECT ENERGY INTENSITY (KWh/sq.m.)



DIRECT ENERGY INTENSITY (L/sq.m.)



WATER INTENSITY (L/sq.m.)



2021 2022

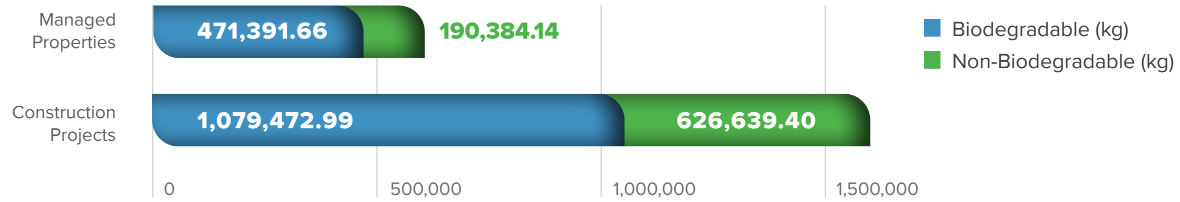
See Appendices for the complete breakdown of resource intensity per property.

Among the 12 properties, Base Line Center is the most resource-intensive in terms of fuel (0.25 L/sq.m.), electricity (0.25 kWh/sq.m.), and water consumption (5.82 cu m/sq.m.). On the other hand, MesaVerte Residences can be considered as the most resource efficient for fuel (0.01 L/sq.m.) and water (0.12 cu m/sq.m.) consumption.

Managing Waste

GRI 306 | 306-3 | 306-4

The Company generates solid and hazardous waste at construction sites and managed properties. CLI's contractors manage waste from construction projects, while CLI PM oversees waste management in CLI-managed properties. In 2022, 23 construction projects generated 1,706,112.39 kg of waste and 11 managed properties generated 661,739.81 kg of waste.



In managed properties, 11/12 were monitored for biodegradable waste and 10/12 were recorded for non-biodegradable waste. Biodegradable and non-biodegradable waste were monitored in 23/35 construction sites.

Improper waste management and disposal through landfilling can cause land degradation, water pollution, and excessive GHG emissions. In particular, organic waste in landfill can emit methane – which is 25 times more potent than carbon dioxide at trapping heat in the atmosphere according to the US Environmental Protection Agency. To prevent these negative environmental impacts, CLI ensures that all properties have solid waste management systems in place. In 2022, CLI PM standardized the waste auditing system to track and record waste generated in managed properties.

CLI works with DENR-accredited third-party haulers and verifies their compliance with solid waste collection, management, and disposal regulations. Likewise, only assessed DENR-accredited haulers collect hazardous waste from managed properties.

The Company sees many opportunities to improve its waste management system. In the future, CLI aims to conduct regular waste audits to gather data on recyclable, biodegradable, non-biodegradable, and residual waste generated. The Company can also prioritize specific waste such as plastics, and divert these from the landfill. Additionally, CLI PM and the Engineering Department can request regular reports on total waste collected and diverted from landfill from third-party haulers.

In terms of physical infrastructure, allocating resources to establish a Materials Recovery Facility (MRF) would further recycling and reusing initiatives. For horizontal projects like residential subdivisions, the MRF can be expanded to include a composting facility for green and other biodegradable waste.

COMMUNITY DEVELOPMENT

River and Coastal Waste Management

The Company takes a holistic approach on social development, empowering them by providing decent and affordable housing, supporting education and livelihood, and even in helping address local environmental issues.

CLI engaged with the Municipality of Minglanilla to address river pollution in Pakigne River, one of the area's major river systems. The Company assisted in creating and deploying a 'trash trap' made from 1,634 PET bottles reused from the Company's offices and public schools in the area. The 10-meter trash trap prevented solid waste from traveling farther downstream and into coastal areas.

The Company also conducted coastal cleanups by organizing the Trash Patrol, comprising employee volunteers, Bantay Kalikasan team and Sangguinang Kabataan teams of community partners. Particularly, CLI launched coastal cleanups in Brgy. Langtad, Naga City and Brgy. Subu-Basbas, Lapu-Lapu City.

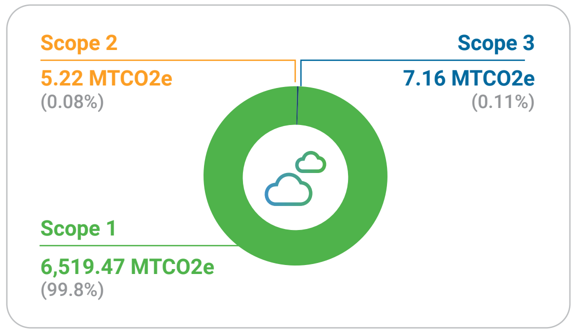
Measuring Greenhouse Gas Emissions

GRI 306 | 306-3 | 306-4

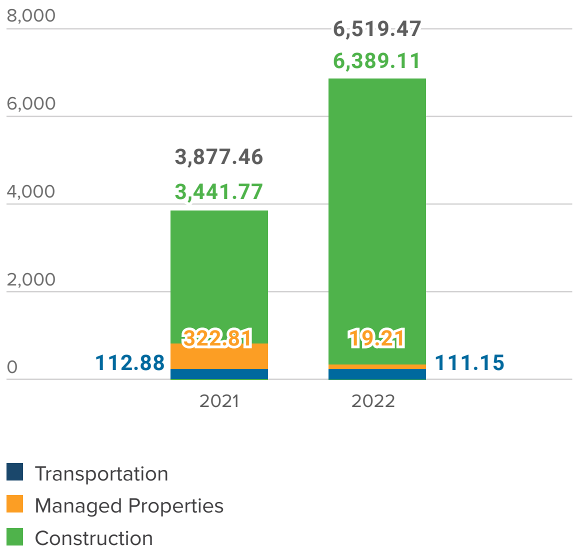
Carbon footprint is an important indicator of sustainability, especially in property development. CLI's resource use and waste generation lead to GHG emissions across all properties throughout the value chain, from project planning, to development, and operations. The Company anticipates that as it develops more real estate products, carbon emissions will increase.

The Company's Scopes 1 and 2 emissions come from direct energy (fuel) and indirect energy (purchased electricity) use from corporate offices, managed properties, and construction sites. Scope 3 emissions come from electricity consumption of leased spaces or occupied units, particularly by owners and tenants of residential, office, and retail spaces.

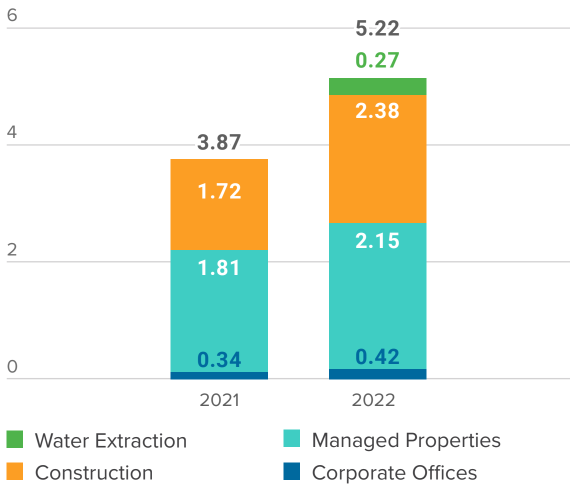
CLI accounted for a total of 6,531.85 MTCO2e GHG emissions, with the following distribution:



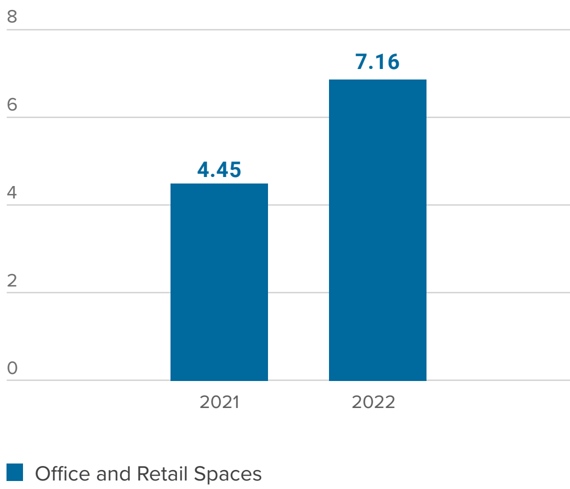
SCOPE 1 (MTCO2e)



SCOPE 2 (MTCO2e)



SCOPE 3 (MTCO2e)



Reducing GHG emissions is of urgent global importance given that further increases could result in worse climate scenarios. Nearly 200 nations made commitments at COP21, or the Paris Agreement, to control GHG emissions and keep global warming to 2oC. This resulted in carbon budgets set to regulate high-carbon products, which can eventually affect the Company's business operations. Considering the generated GHG emissions and the urgent need to mitigate them, CLI advocates for green building design and biodiversity conservation.

EMISSIONS OF MANAGED PROPERTIES

GRI 303 | GRI 303-3 | GRI 303-5

In 2022, CLI set baseline data for the GHG emissions per managed properties to determine the most and least energy-efficient. Moving forward, this will help the Company strategize on how to reduce GHG emissions.

Horizontal
Overall, horizontal properties produced less GHG emissions, with Casa Mira South generating the least GHGs per square meter and Villa Casita North producing the most. However, gathering data for horizontal properties needs to be improved.

Vertical
As a mixed-use property, Baseline Center had the highest GHG intensity considering all vertical properties. Among CLI's two office buildings, Park Centrale generated fewer GHGs per square than Latitude Corporate Center. As for residential condos, Mesavirre has the lowest GHG intensity, and Casa Mira Towers - Labangon has the highest.

GHG INTENSITY OF PROPERTIES

Mixed-use Estate

0.769483 MTCO2e/sq.m.
Baseline Center

Office Buildings

Average intensity: 0.256464 MTCO2e/sq.m.

0.116000 MTCO2e/sq.m. Lowest
Park Centrale

0.396928 MTCO2e/sq.m. Highest
Latitude Corporate Center

Horizontal Properties

Average intensity: 0.256464 MTCO2e/sq.m.

4.75e-07 MTCO2e/sq.m. Lowest
Casa Mira South

0.000001 MTCO2e/sq.m.
Casa Mira South

0.000002 MTCO2e/sq.m.
Midori Plains

0.000002 MTCO2e/sq.m.
Velmiro Heights

0.000004 MTCO2e/sq.m.
Villa Casita North

0.000066 MTCO2e/sq.m. Highest
SJV Minglanilla

Residential Condos

Average intensity: 0.185865 MTCO2e/sq.m.

0.000621 MTCO2e/sq.m. Lowest
Mesavirre

0.001605 MTCO2e/sq.m.
38 Park Avenue*
** without retail component*

0.052128 MTCO2e/sq.m.
MesaVerte Residences

0.073936 MTCO2e/sq.m.
Midori Residences

0.088232 MTCO2e/sq.m.
Base Line Residences

0.095484 MTCO2e/sq.m.
MesaTierra Garden Residences

0.185154 MTCO2e/sq.m.
Mivesa Garden Residences

0.535043 MTCO2e/sq.m.
Asia Premier Residences

0.640584 MTCO2e/sq.m. Highest
Casa Mira Towers - Labangon

Managing Climate Risks and Impacts

GRI 306 | 306-3 | 306-4

Although climate change is detrimental to businesses, CLI is aware that its own activities also contribute to the phenomenon. As such, efficiently using resources through green building and biodiversity conservation.

GREEN DESIGN AND DEVELOPMENT

CLI is a member of the Green Building Council (PHILGBC), with Certified Green Building Professionals who specialize in green building practices to ensure the Company develops resource-efficient and environmentally responsible projects.

The Company integrates green building features in its developments, such as: 1) energy efficient construction practices, 2) use of renewable resources, 3) environmentally friendly design features, 4) use of waste prevention systems, 5) low impact materials selection, and 6) design durability and life cycle assessment.

CLI'S GREENEST DEVELOPMENTS

The Latitude Corporate Center is Cebu Landmasters' greenest project, and the first property awarded with an excellence certification by the Building for Ecologically Responsive Design Excellence (BERDE) program. BERDE is the country's voluntary green building rating system, developed by the Philippine Green Building Council.

Its notable features include a 20% green space, a plaza with a green sanctuary with mature trees protected and preserved, a green sky lounge and a garden deck. It has a high-performance building envelope with operable windows for natural ventilation and energy efficient technologies. The building's energy efficiency is at 31.88% (design case) and 45.79% (as built case) with its LED lighting. The building's water efficiency is at 51.88% with its low-flow plumbing fixtures. It also has a rainwater collection system. The building's construction waste diverted from the landfill is at 82.77% while green materials used is 32.04%.

Two of CLI's projects are also undergoing green building certification reviews. Astra Centre, CLI's first mixed-use development with hotel, retail-commercial boutique mall, a residential condominium and office tower is undergoing BERDE certification review, while 38 Park Avenue, CLI's premier residential condominium development is registered under the Excellence in Design for Greater Efficiencies (EDGE) tool and is in the final stage of certification review.

CLI'S GREEN BUILDING FEATURES

1. Energy efficient construction practices

- **LED technology** – CLI's office, hotel, residential, and retail designs have LED technology specifications that reduce energy consumption. This increases buildings' life cycle by around five times compared to traditional buildings. The Company aims to achieve 100% LED lighting, with older properties undergoing an LED retrofitting program.
- **Heating, Ventilation and Air conditioning (HVAC)** energy efficient units specified for indoor installations.
- **Technical installations of mechanical air ducts** – fresh intake and source system properly checked by third parties. Filters and louver of quality specs to be maintained by Property Management group.
- Recent standards of improving **Indoor air quality** instituted in the operation and policy building manual. Maintaining a controlled Temp. for HVAC efficiency and longevity of equipment lifespan.
- **Heat recovery** – Heat recovery ventilator (HRV) units installation in offices and tenants space is practiced and specified.

2. Use of renewable resources

- **Solar panels** are installed to power pumps, street lights, parking facility structures, hallways, lobbies, and on housing components mainly applied on common areas.
- **Treated water from rain water tank** – used for washing and irrigation of ground cover.

3. Environmentally friendly design features

- **Green wall features** to improve indoor air – visual quality
- **Parking for fuel efficient vehicles** on CLI's establishments
- **Bike parking and facilities** to support and promote this culture
- **Urban Design features** – Podium Park features on projects being considered for holistic biophilic design approach. Open spaces increased with open area activity to cater to active lifestyles (jogging, zumba, yoga and other open air exercise).

4. Use of waste prevention systems

- **Landfill** – CLI's strategy on landfill materials source is mainly on the existing excavated project earth material from one project to another. Several ongoing projects are providing this method to lessen the carbon footprint of transportation. Hauling efficiency with ideal proximity of project sites. This minimizes our need to quarry earth fill materials from other providers.
- **Material Recovery Facility (MRF)** – proper waste disposal and segregation.
- **Re-use of waste water** generated from domestic use. Treated water used for irrigation and landscape upkeep.

5. Low impact materials selection

- **More organic interior material specifications** – Wood/timber or recycled materials are specified for indoor and outdoor cladding treatment.
- **The use of low-VOC** (volatile organic compound) content on materials - strictly specified on construction building manuals.

6. Design durability and life cycle assessment

- **More organic interior material specifications** – Wood/timber or recycled materials are specified for indoor and outdoor cladding treatment.
- **The use of low-VOC** (volatile organic compound) content on materials - strictly specified on construction building manuals.

BIODIVERSITY CONSERVATION

GRI 304

With land as part of CLI's natural capital, the Company's land development impacts biodiversity. Construction activities can disturb and damage existing ground cover and vegetation in the area. Accidental spills and leaks can also affect surface soil type, chemical composition or fertility, when not managed. Aside from this, there are local threats such as overharvesting of wood and improper waste disposal.

As a response to the Company's potential impacts and current risks, a specialized team handles projects located in critical ecosystems. This team comprises the Business Development, Technical Planning, Engineering, and Sustainability Departments with support from the CLI Foundation for community engagement initiatives focusing on ecosystems protection, climate action, and livelihood generation.

CLI'S BIODIVERSITY CONSERVATION:

14 ha
protected

10,000
native tree seedlings planted in >10 ha

- Narra
- Banaba
- Mamalis
- Molave
- Cassia Fistula
- Palawan Cherry
- Balete
- Magtalisay
- Dita
- Kalumpit
- Toog

CLI has two projects within or adjacent to biodiversity-rich areas: one is in the early stage of construction and other one is in the planning stage. The Magspeak Resort and Villas 20-hectare an ongoing project located in the upland forest ecosystem of the Central Cebu Protected Landscape. Specifically, it is in Brgy. Magsaysay, Balamban, Cebu and occupies less than 10% of the total area – leaving 90% of the property as natural landscape.

In 2022, the Company partnered with the Ramon Aboitiz Foundation, Inc. and the farmers from the neighboring communities under the Barangay Unity Key to Integrated Development (BUKID) Multi-purpose Cooperative and other People's organizations. Total trees planted reached 106,218 native tree seedlings in the Municipality of Balamban and Naga City in Cebu.

Moving forward, CLI aims to conduct comprehensive ecosystem assessments with complete baseline data such as the species present. Baseline data is valuable for decision-making regarding ecosystem protection and rehabilitation. Extensive studies of these ecosystems can serve as educational materials and basis for future community engagement programs.

Resources can be allocated to establish buffers and protect biodiversity by introducing appropriate species for planting and conducting assisted natural regeneration, boosting tree growth. Communities are the most affected by changes in the local ecosystem, as such, the Company's biodiversity-related programs will be in partnership with local fisherfolk and farming communities. Additionally, these tree-growing projects are also opportunities for environmental education and biodiversity conservation.

COMMUNITY DEVELOPMENT

Protecting Ecosystems

Recent years underscored society's environmental impacts and the importance of healthy spaces in promoting people's overall well-being. The Company recognizes communities' unique relationship with their local environment, and seeks to assist its stakeholders in ecosystem conservation or rehabilitation.

96,068
Timber

10,000
Mangroves

1,336
Trees planted by CLI employee volunteers

71
LGU representatives trained, Municipal Officials, Barangay Councilors, Disaster Risk Managementt / Emergency Response Team Members

MANGROVE ECOSYSTEMS ORIENTATION AND PLANTING

The CLFI team, Company volunteers, Ramon Aboitiz Foundation, and Langtad Fisherfolk planted over 1,000 mangroves in San Fernando, Cebu as a joint initiative to enhance the mangrove area and support the livelihood of the fisherfolks, while providing a venue for employee volunteers to learn about the value of mangroves and coastal ecosystems in general.

SOCIAL DEVELOPMENT

ENGAGING AND INVESTING IN OUR PEOPLE, CUSTOMERS, AND COMMUNITIES

Pillar 4: People

Cebu Landmasters bolstered its social development and stakeholder engagement efforts in 2022, embodying its core values of customer-centricity and community focus. The Company took an especially integrated approach to community development, with the Four Pillars addressing diverse community needs.

MATERIAL TOPICS

- Employee health and well-being
- Compliance with labor standards
- Employee training and development
- Diversity and equal opportunity
- Marketing and labeling
- Customer privacy
- Customer health and safety
- Partnerships and development programs for local communities

Engaging Stakeholders

GRI 2-29

CLI engages with stakeholders to understand their needs and concerns, fostering the Company's social and relationship capital. The main stakeholder groups include customers, partners, and local communities.

STAKEHOLDER GROUPS:	
PARTNERS: JV partners, suppliers, contractors, and service providers	CLI's business partners are crucial to deliver products and services. As such, the Company maintains a long-term and mutually beneficial relationship with them.
CUSTOMERS: Sellers, buyers, end-users (homeowners associations, condominium corporations, and end-users of leased products), and office and retail space lessees	Customer satisfaction is indispensable to the Company's success. It involves the overall experience of the customer, from the reservation of units, monthly equity payments, prompt construction updates, smooth take-out, and turn-over to property management. In the last two years, CLI prioritized enhancements in digitalization and innovation to strengthen connection and communication to its broker network and buyers.
LOCAL COMMUNITIES: Local government units, host communities, and neighboring barangays	CLI is especially committed to community development and, as such, engagements with host communities are for capacity building and infrastructure development.

The Company maintained its 14 strategic partnerships and joint ventures which includes: BL CBP Ventures, Inc. (BLCBP), CCLI Premier Hotels, Inc. (CCLI), Cebu BL-Ramos Ventures Inc. (CBLRV), Cebu Homegrown Developers, Inc. (CHDI), CLI Premier Hotels Int'l. Inc. (CPH), El Camino Developers Cebu, Inc. (El Camino), GGTT Realty Corporation (GGTT), Mivesa Garden Residences, Inc. (MGR), YHES Premier Hotel Inc. (YHESPH), YHEST Realty and Development Corporation (YHEST), Yuson Excellence Soberano, Inc. (YES), Yuson Huang Excellence Soberano, Inc. (YHES), Sugbo Prime Estates, Inc. (SPH) and CLI-LITE, Inc.

CLI has been prioritizing digitalization and innovation since the pandemic, recognizing the need to strengthen its communication with broker networks and buyers. In 2022, CLI's active broker network reached 1,785 brokers and over 10,000 sellers. As for end-users of the Company's properties, the property management team conducts regular general membership meetings and maintains other channels of engagement.

As CLI develops more properties for its core business, it also launches more projects that aim to empower local communities. CLI partnered with a total of 66 barangays from 15 cities and 6 municipalities, engaged with 18 local regulatory agencies and utility companies, 15 people's organizations, and a number of academic institutions, civil society and socio-civic organizations.

- *See Materiality Process for more discussion on the Company's stakeholder engagement process.*
- *See Building Resilient Communities for more discussion on community engagements.*

Empowering People

The Company's employees comprise its human capital, making it the organization's most critical asset. CLI hires adequate personnel and capacitates them with relevant skills to meet the business demands and standards. Employees are valued for their contributions and are provided competitive compensation and benefits, professional growth and development opportunities, and healthy workplace culture and environment.

DECENT EMPLOYMENT AND EQUAL OPPORTUNITY

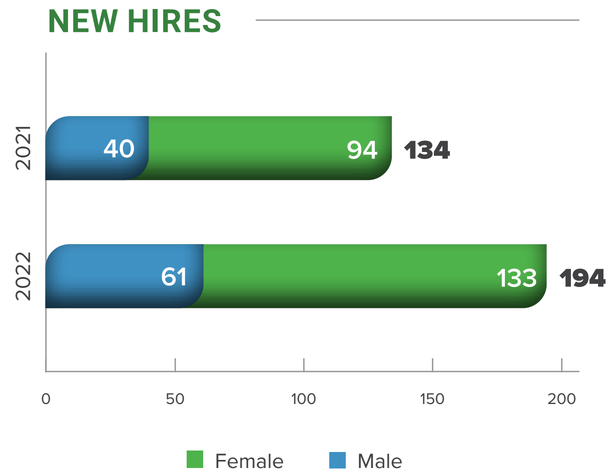
GRI 202-1 | GRI 401 | 401-1 | GRI 405

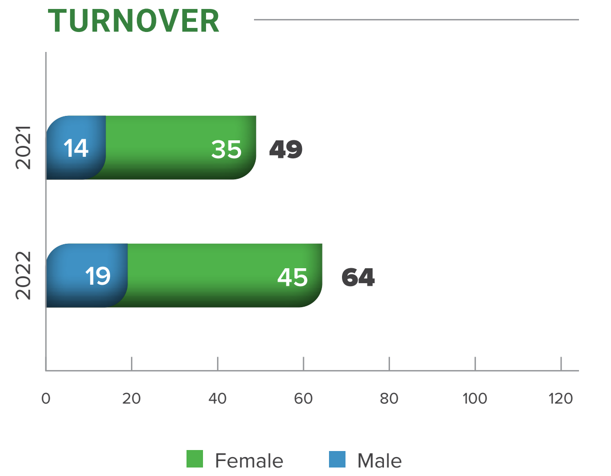
In 2022, CLI had a total of 801 full-time employees: 669 from the parent company and 132 from subsidiaries, Cebu Landmasters Property Management and Cebu Landmasters Hotels & Resorts combined. As the Company expands its operations, it will also require more employees.

The Company's attrition rate for 2022 was at 9.5%, higher by 4.5% versus previous year, though still within the healthy attrition threshold. The attrition reasons were mainly due to the change in personal plans and preference post-pandemic, specifically the desire for a work from home set-up. In addition, plans that were put on hold during the pandemic that include working abroad, further studies and returning to their hometown were also identified. To support this, CLI was able to attract and bring in 194 additional carefully selected talents and professionals to fuel expansion and support business needs.

The Company is inclusive in its hiring practices and provides equal opportunities regardless of gender. CLI has more female employees across all categories and levels of the Company, with a 13:10 female-to-male employee ratio. In 2022, male and female employees were hired for various positions.

CLI attracts, motivates, and retains top talents through its competitive compensation and benefits. The Company conducts regular benchmarking versus industry and key players to maintain competitive compensation and benefits packages. The Company's entry-level wage is around 23%





higher than the local minimum wage, and the ratio of the lowest-paid employee against the minimum wage is 1:23. Aside from this, CLI further strengthens its competitiveness as it extends performance-based bonuses quarterly, as well as annual salary increases.

CLI extends quarterly bonuses based on the Company's and individual performance to all regular employees with no performance or disciplinary issues. While annual salary increases consider market conditions such as inflation, the Company conducts market alignment to ensure industry competitiveness as well as Company and individual performance.

BENEFITS	% OF FEMALE EMPLOYEES WHO AVAILED FOR THE YEAR	% OF MALE EMPLOYEES WHO AVAILED FOR THE YEAR
Minimum pay ratio (CLI's entry-level wage vs. local minimum wage)	23%	
Annual Physical Exam	47%	37%
Birthday Leave	47%	37%
Booster Shots	100%	100%
Car/Motorcycle Loan	0%	100%
Company stock options	41%	59%
Company Uniforms	47%	37%
Semi flexible-working Hours	57%	43%
Gift Certificates	47%	37%
HMO	100%	100%
Meal Allowance (Regular employees)	47%	37%
Pag-IBIG	100%	100%
Parental leaves	100%	100%
Per Diem Allowances	100%	100%
Retirement fund/Savings Program (aside from SSS)	100%	100%
Retirement Savings Program	47%	37%
Rice Subsidy (Regular employees)	47%	37%
Sick leaves	47%	37%
Special Emergency Loan	47%	37%
SSS	100%	100%
Vacation leaves	47%	37%

HUMAN CAPITAL DEVELOPMENT

GRI 404

Creating a culture of learning and development is important to CLI. Employees are given internal and external training opportunities to develop new, and enhance existing, skills and competencies to unlock their full potential in the organization.

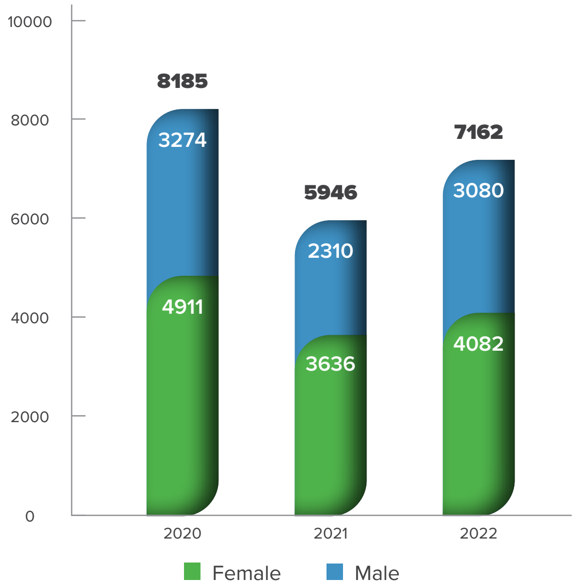
In 2022, the CLI SBU Academy was successfully launched. The three-day, highly immersive, practical and highly-rated program, was designed to equip identified CLI talents with industry-leading expertise in real estate, the CLI way. The Real Estate Academy is an in-house program that takes its audience from the whole CLI lifecycle – Land Acquisition, Planning & Permitting, Financial Analysis, Construction, Marketing & Sales, After Sales to Operations. CLI's Department Leaders served as trainers. The training session was capped off by a case study and final presentation to some members of CLI's Management & Executive Committee. For the year, a total of 66 graduates completed the academy, and will be rolled out in the coming years to more employees.

Also, the My Career CLIpboard, a career development tool was initiated, empowering employees to create their career roadmap with actionable goals and timelines discussed with their line managers

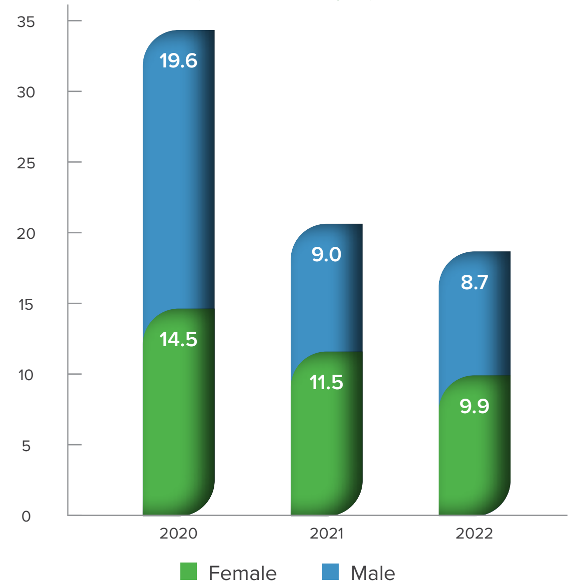
To consistently reward and recognize high performing talents, CLI has established twice a year promotion opportunities for employees. The promotion announcement is done during the bi-annual employee Town Hall.

In 2022, the Company accounted for a total of 7,162 training hours provided to employees with an average of 9.3 training hours per employee. The fundamental training sessions conducted prioritized new hires to employees with one to two years tenure in the company. The Developing A Leadership Mindset, Effective Coaching and Feedback, and Leading Individuals And Groups leadership training series focused more on newly hired and promoted managers and supervisors.

Total Training Hours Provided to Employees
(unit: hours)



Average Training Hours / Employees
(unit: hr/employee)



To cultivate a sustainable learning culture in the company, CLI is continuously expanding its training catalog every year, offering a wider range of fundamental and leadership training series for employees, across all levels in the organization.

WORKPLACE HEALTH AND SAFETY

GRI 403 | 403-9

Ensuring health and safety is paramount, especially considering the pandemic, natural disasters, and general occupational risks like potential accidents and injuries at construction sites. Typhoon Odette still affected Cebu and other parts of VisMin in the early months of 2022, which prompted the Company to further prioritize employees' health, safety, and well-being.

166
Recorded illnesses in Corporate Offices (COVID-related fever)

823
No Lost Time Injuries (NLTIs)

54
Safety trainings (10 project sites)

5
Lost Time Injuries (LTI)

Zero
Lost Time Accidents (LTA)

3,597
Employees trained in safety
Male - 3,360 | Female - 237

The Company reevaluated its approach to supporting its employees and enhanced its programs related to employee safety, health, and well-being. CLI revisited its Health Maintenance Organization (HMO) plan to provide better health insurance benefits to its employees. In addition, the Company employed an Occupational Health and Safety (OHS) specialist. CLI also established a safety management committee to develop a management system to measure, track and reduce workplace safety risks.

CLI PROMOTES WORK-LIFE BALANCE AND PHYSICAL WELLNESS

Cebu Landmasters believes physical wellness is crucial to improving employees' health and well-being. The Company launched the year-round CLI Life-Balance program in 2022. CLI held Yoga and Zumba sessions every Wednesday and Friday to encourage physical and mental wellness while bonding with colleagues, as well as other sports programs and activities.

This includes 5 active CLI Hilig Clubs to promote camaraderie among employees with the same interests. These clubs are supported by CLI through company sponsored activities and led by Club members to consistently promote its programs and classes. The following are the clubs and number of members: Yoga Club (74 members), Basketball (50 members), Dance Club (52 members), Running Club (102 members), and Music Club (49 members).

The Company also held the Masters Sportsfest 2022, a two-month tournament of various sports like basketball, volleyball, badminton, tennis, swimming, and track and field, culminating at the Sacred Heart School-Ateneo de Cebu. A Palarong Pinoy was also part of the Sportsfest, featuring Filipino games.

CLI aims to continue activities promoting employees' physical health while encouraging teamwork, collaboration, and a healthy work-life balance.

LABOR LAWS AND HUMAN RIGHTS

GRI 408 | GRI 409 | GRI 410 | GRI 412

CLI strictly implements human rights policies and follows labor laws and regulations to protect employees and promote a safe and healthy workplace environment. Threats to employees' rights, health, and safety can impact productivity, employee retention, and engagement.

CLI'S HUMAN RIGHTS POLICIES

FORCED LABOR

GRI 409

The Company has rolled out the CLI Handbook on Employee Discipline and the Code of Business Conduct and Ethical Standards. These contain policies that ensure fair and consistent treatment of our people. This handbook outlines policies in a manner that the employees easily understand.

CHILD LABOR

GRI 408

CLI does not tolerate child labor and forced labor in the workplace and strives to improve its business processes and procedures to ensure that no incidence of forced / child labor is observed.

HUMAN RIGHTS

GRI 412

CLI guarantees full respect for human rights and upholds the dignity of its employees. CLI complies with the requirements of the Labor Code and provides more than the standard set by the government-mandated benefits. Among the policies that relate to human rights explicitly cited in the employee handbook are all forms of sexual harassment and acts of lasciviousness, workplace harassment are declared unlawful.

CLI planned for an occupational health and safety management system covering the Company's employees and extended to indirect hires such as workforce of construction and property management. Regular training sessions are being conducted for key personnel, especially the workforce at construction sites and security personnel in managed properties. Assessments are also routinely made to ensure that safe working practices are adopted and workers comply with the Company's standards.

Cebu Landmasters sees the opportunity to cascade compliance to the partners, suppliers, and contractors that CLI does business with. The Company continues to work with business partners to build a health and safety culture within and outside the organization.

Moving forward, CLI seeks to embed sustainability into the culture and mindset of CLI employees, with the end in mind that the CLI employee can identify sustainability features of CLI properties and products beyond the traditional sales pitch and can interconnect human behavior with environmental, social and economic impacts and identify corporate sustainability initiatives that contribute to global sustainable development goals. Additionally, CLI explores opportunities to influence external stakeholders by including social assessments in supplier accreditation and evaluation, particularly in security practices.

Enhancing Customer Experience

CLI has established itself as the leading residential developer in VisMin due to its strong track record in different market segments. The Company can tailor-fit its residential developments to achieve the best use of a property and ensure its optimal market acceptance. This has enabled CLI to sell its projects at a higher velocity, turn over quickly on its developments, and move swiftly from pre-selling to construction and delivery. Innovative sales and marketing strategies enable CLI's consistently high sales performance, allowing itself to bring products to the market faster than the competition with the support of close to 2,000 active real estate brokers engaged in 2022 across the VisMin regions.

CLI recognizes that customer feedback and satisfaction will impact the entire organization as it reflects the overall experience of the customer from the reservation of units, monthly equity payments, prompt construction updates, smooth take-out, and turn-over to property management. In 2022, CLI received an average satisfaction rating of 4.7 out of 5 from investors, buyers, and sellers. The Company also continued to offer promotions to new buyers, stretching equity installment terms. CLI granted payment deferrals and grace periods to buyers on their equity installments.

The impacts of the pandemic and Typhoon Odette still affected the Company's ability to satisfy customers' needs, posing risks in delays in payments and cancellations of units reserved (for sale or lease). These potential organizational inefficiencies may result in customer dissatisfaction that directly impacts customer relationships and the Company's reputation and therefore needs to be managed.

As the real estate industry and the market transition to near pre-pandemic normalcy, the Company sees improvement in the customers' personal financial capabilities. Adjustments were made as buyers requested payment plans where they were given a certain period to settle their arrears, as opposed to the pandemic years when a number of buyers were opting for cancellation.

Additionally, CLI has identified a strategy to assist its buyers who have experienced financial challenges in the light of changing economic conditions.

To ensure that customers' concerns were addressed while maintaining the viability of accounts, CLI enhanced its protocols for managing payment issues in alignment with the Maceda Law. CLI also used auto-notification tools to remind customers of their upcoming monthly equity payments or to notify them about missed payments.

CLI's digitization program in the past two years has enabled the Company to strengthen CLI's relationship with its network of brokers and sellers and meet their needs more efficiently as the business confidently navigates through the post-pandemic reality.

CLI'S DIGITIZATION PROGRAM

- Buy-A-Home microsite to provide sales partners quick access to new project inventories and promotions
- Masters Portal application for homeowners to track their payment status, get CLI construction updates and promos
- Facebook chatbot called CLIO for 24/7 response to general inquiries
- CLI Masters Circle: Buyers' Rewards & Loyalty Program
- Online Homefest
- Flagship Sales Office Opening & New Features: Digital/Queuing System, Ticketing General Queries
- Counter, Interactive screens
- Virtual Launches/Events
- Virtual Turn-over Experience
- Dedicated Hotline and Email Addresses
- Auto-notification on Payment Reminders and Missed Payments

The Company is currently developing a system to determine customer satisfaction and continually enhancing feedback management programs to gather, measure and use data in the Company's value-creation process.

CUSTOMER HEALTH AND SAFETY

GRI 416

The Company assessed the impacts of the pandemic and Typhoon Odette on customer health and safety and augmented its efforts to ensure the well-being of customers and clients. In light of the pandemic, CLI maintained its sanitation and safety measures in all operating projects as the property management team spearheaded.

CLI acknowledges that accidents beyond its control can occur within the Company's premises, projects, and facilities. As such, the Company considers stakeholders' health and safety from the design and construction phase of projects and its operations. The Company is committed to meeting the highest building standards to resist structural threats. To address this, the property management team regularly conducts risk assessments such as slippage and falls.

CUSTOMER PRIVACY AND DATA SECURITY

GRI 418

CLI handles customers' and clients' personal information, such as names, addresses, contact information, signature, and other details that the Company collected during its transactions. These data are logged in CLI's database and can be accessed only by duly authorized personnel. In 2022, the Company did not experience any breaches, leaks, thefts, or data losses. There have also been no complaints about data privacy.

The Company recognizes a potential threat to data security due to cyber hacking, which can disrupt operations and result in the loss or theft of corporate information and private information. To help prevent this, CLI implements a firm security policy in secured network protection throughout its aspects of data management to protect corporate and customer data. This includes policies and procedures for IT asset management and security, data protection programs, and cyber security training and awareness campaigns.

CLI continues to assess the customer experience journey and data management system to improve customer confidence and patronage. The Company will continue reviewing and improving its policies and programs to enhance brand loyalty and maximize profitability. CLI now incorporates data privacy as a fundamental principle in all its programs, projects, procedures, measures, software, and technologies.

MARKETING AND LABELING

GRI 417

With an increasingly competitive real estate environment, particularly in residential sales and commercial operations, customers look for key differentiators such as a strong online presence, high brand recognition, digital innovations, and both online and offline activations. To address this need, Cebu Landmasters, Inc. advertises its products through a multi-channel, digital-first approach: social media, out-of-home executions, traditional media, brand events, PR and influencer marketing, and other means.

With accelerating digitalization, product advertising using digital media channels faces concerns about brand safety and data breaches. Other risks include third-party claims for intellectual property infringement and the advertising space vis a vis other content. Advertising content on social media may unknowingly appear next to inappropriate content that may have an indirect negative impact on brand value. These may present reputational, business, data security, and legal risks. In addition, property marketing risks may be perceived in materials that highlight features and amenities shown using an architect's conceptual and schematic designs.

CLI does its utmost to manage its marketing and labeling, resulting in another year of successful campaigns without customer-raised concerns. The Company ensures that its advertising and branding campaigns comply with existing laws and regulations of government regulatory agencies such as the Department of Trade and Industry (DTI) and the Ads Standards Committee (ASC) for all ads and promotions that are accessible to the general public outside the Company's facilities. CLI also ensures that all features and amenities promised in the marketing materials are delivered.

Building Resilient Communities

The Company has aimed to create thriving communities since its inception. Nearly 20 years later, CLI has evolved into an organization that prioritizes the development and growth of its local communities throughout its value-creation process.

Cebu Landmasters Foundation, Inc. (CLFI) was established as CLI's Corporate Social Responsibility (CSR) arm. It focuses on the holistic development of its communities through a strategy comprising four pillars: 1) Socialized Housing and Integrated Social Development, 2) Environment, 3) Education, and 4) Livelihood. The Company assesses the needs of each community through stakeholder engagement activities before launching projects, including different sectors like women's organizations, fisherfolks' associations, farmers' cooperatives, and informal settler families. The community development initiatives under the Environment Pillar are integrated in the discussions under *Environmental Stewardship*.

Providing Access to Affordable Housing

SOCIALIZED HOUSING AND INTEGRATED SOCIAL DEVELOPMENT

CLI believes that all families deserve to live in safe, cohesive, and resilient neighborhoods with accessible community spaces and services. Being cognizant of the ever-growing housing backlog in the country, the Company initiated socialized housing projects for hundreds of homeless and informal settler families in VisMin, particularly in Cebu.

SOCIALIZED HOUSING PROJECTS

As of 2022, CLI has launched mid-rise residential projects to provide decent and affordable housing. This is in collaboration with the Division for the Welfare of the Urban Poor (DWUP) and Local Housing Board of the Cebu City Government and the Housing and Urban Development Office (HUDO) of the Mandaue City Government.

Sugbo Walk-up 1 (Cebu City)
- Transitory housing (3 to 5 years)
- Completed with green features in design
- 23.75-sq.m units
- For turnover and occupancy to 100 families formerly located in creeks, rivers, and danger zones

Tipolo Residences - Building 4 (Tipolo, Mandaue City)
- Usufruct property (25 years, renewable for additional 25 years)
- Under construction
- For BERDE* certification
- To accommodate 90 families who were victims of the 2019 Tipolo fire

**The Building for Ecologically Responsive Design Excellence (BERDE) program is a national voluntary green building rating system established by the Philippine Green Building Council (PHILGBC)*

Developing communities lies beyond construction. CLI assists LGU partners in the pre-settlement process of beneficiary selection, social preparation, and building administration and management training.

In light of the drastic change to the beneficiaries' lives, CLI guides LGUs in the communities' transition from horizontal to vertical communal living. The Company also trains the building administration and management to better equip them to integrate social development in beneficiary management programs. CLI plans to develop more mid-rise housing projects with other LGU partners within VisMin.

Developing Talent

EDUCATION

Quality education is a critical component of an empowered community as it helps individuals access better employment opportunities. This fundamentally requires partnerships with educational institutions and, as such, CLFI partnered with the University of San Carlos to create the Leadership and Educational Assistance Program (LEAP) for CLI employee dependents. This supports students through a scholarship with full tuition fee coverage, monthly allowance, and an employment opportunity with CLI. As of 2022, CLI has 13 scholars taking up Architecture, IT, Engineering, and Business courses. The foundation aims to expand this program to include personality and career development mentoring for LEAP scholars and community-based skills training for identified beneficiaries.

CLFI also partnered with Seed4com (Sustainable Energy & Ent Dev) and Hero of Light to provide a learning opportunity for students while assisting off-grid communities still affected by the effects of Typhoon Odette since December 2021. Through this partnership, a training program on solderless solar lamp assembly for senior high school students in Brgy Pitalo National High School in San Fernando, Cebu, was conducted. The assembled lamps were turned over to fishermen, gleaners, and backyard farmers in Sitio Pajo, Kiwkiw, and Kalubihan whose homes were severely damaged and had no electricity even before the typhoon.

PLANNING FOR STEP UP: SKILLS TRAINING FOR EMPLOYMENT PROGRAM FOR THE URBAN POOR

In 2022, CLFI began planning STEP UP as a community-based technical-vocational skills training program to upgrade livelihood opportunities. The training modules and immersions prioritized are related to construction and property management.

Its target beneficiaries are communities where the socialized housing medium-rise buildings are built. To execute this, CLFI will potentially partner with local government units (LGUs), civil society organizations (CSOs), and other relevant agencies and institutions.

Promoting Self-reliance

LIVELIHOOD

CLI aims to promote self-reliance and advance food and income security, specifically the local start-up small businesses in neighboring communities. In 2022, the Foundation assisted one of the homeowners' associations in a relocation site in Brgy. Paknaan, Mandaue City, in the formation of a consumer's cooperative. CLI guided the coop formation requirements and livelihood training sessions to prepare the coop for its small business, 'Bugasan sa Paknaan.'

CLI assisted a community of vegetable farmers known as the Barangay Unity Key to Integrated Development (BUKID) Multi-purpose Cooperative in Brgy. Sunog, Balamban, Cebu, by providing resources and promoting and patronizing their farm-fresh produce. Brgy. Punta Engano is also among the communities the foundation assists by organizing the womenfolk into a barangay-registered organization which will be the company's beneficiary for livelihood programs in Lapu-Lapu City, Cebu.

The Cebu Landmasters Foundation conducted livelihood training activities in a relocation site in Brgy Paknaan, Mandaue City. The foundation assisted the group in organizing them into a consumer cooperative.

SUPPORTING LOCAL FARMERS

Cebu Landmasters supports BUKID Multi-purpose Cooperative farmers from planting to selling their produce. The Company donated 2,300 vegetable seeds to the Cooperative and, with 24 CLI employee volunteers, helped grow pechay, bell pepper, green pepper, and tomatoes on August 20, 2022.

To ensure their much-needed produce reaches buyers, CLI planned and organized *Tabo* sa CLI to connect the Cooperative with Company employees monthly. The trial period was from October to December 2022, with the kickoff in January 2023. Moving forward, Tabo sa CLI will be expanded to cater to other building occupants.

GOOD GOVERNANCE

ACHIEVING ORGANIZATIONAL EFFICIENCY AND GOOD CORPORATE GOVERNANCE

Pillar 5: Process/Practice

The Company celebrates its many achievements during the reporting period and looks forward to improving its systems and achieving set targets in the coming years.

MATERIAL TOPICS

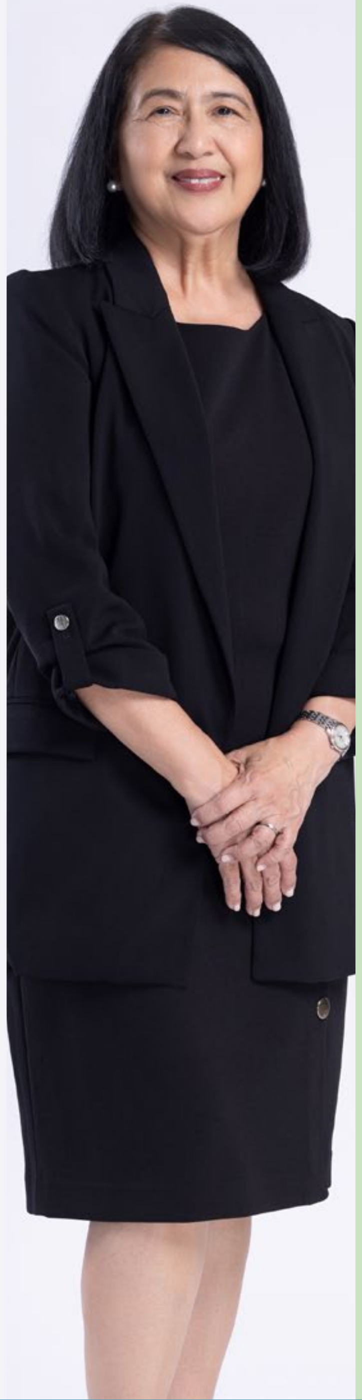
- Governance policies: BOD composition and responsibilities
- Risk management
- IT and Digitalization

OUR LEADERS

THE BOARD OF DIRECTORS

JOSE R. SOBERANO III
Chairman of the Board, President, and Chief Executive Officer (CEO)

MA. ROSARIO B. SOBERANO
Executive Director, Treasurer, and Senior Executive Vice-President



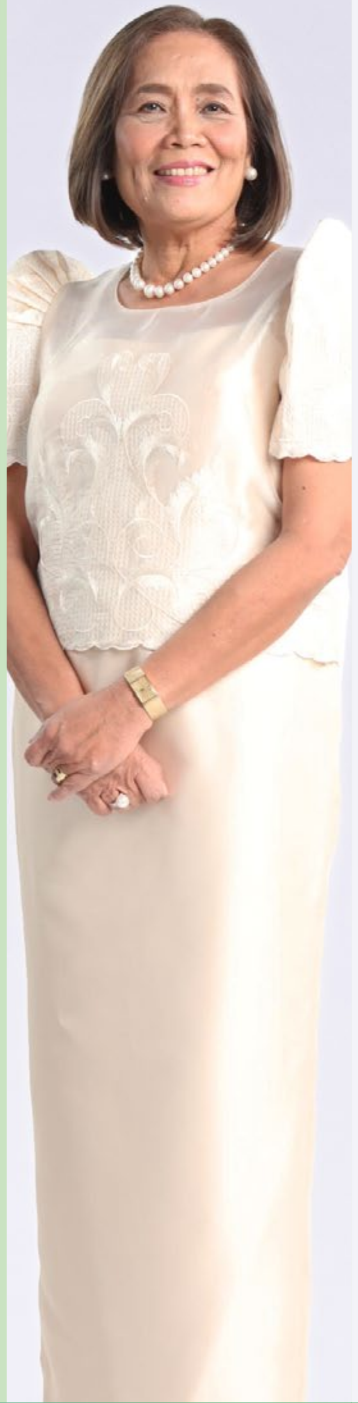
JOSE FRANCO B. SOBERANO
Executive Director, Chief Operating Officer (COO), and Senior Executive Vice-President

BEAUREGARD GRANT L. CHENG
Executive Director, Chief Financial Officer (CFO), and Executive Vice-President

JOANNA MARIE S. BERGUNDTHAL
Executive Director, Senior Vice-President for Marketing & Human Resources, and Asst. Treasurer

RUFINO LUIS T. MANOTOK
Lead Independent Director

MA. AURORA D. GEOTINA-GARCIA
Independent Director



ATTY. MA. JASMINE S. OPORTO
Independent Director

STEPHEN A. TAN
Non-Executive Director

OUR LEADERS

MATHIAS H. BERGUNDTHAL
Director of Asset for CLI Premier Hotels

MARIE ROSE C. YULO
First Vice-President for Sales

PEDRITO A. CAPISTRANO
First Vice-President for Engineering

ATTY. LARRI-NIL G. VELOSO
First Vice-President for Legal and Asst. Corporate Secretary

SYLVAN JOHN M. MONZON
Vice-President for Business Development

JESSEL M. KABIGTING
Vice-President for Operations

MARK LEO M. CHANG
Vice-President for External Affairs

RHODORA M. VICENCIO
Vice-President for Property Management

ANGEL LINUS R. YAP
Asst. Vice-President for Engineering

MARILOU P. PLANDO
Asst. Vice-President for Risk Management and Chief Risk Officer (CRO)

ATTY. JAMES M. ABADIA
Asst. Vice-President for Business Development and General Manager for Ming Mori

JANELLA MAE S. WU
Asst. Vice-President for Corporate Communications and Customer Relations

PAQUITA T. RAFOLS
Asst. Vice-President for Accounting

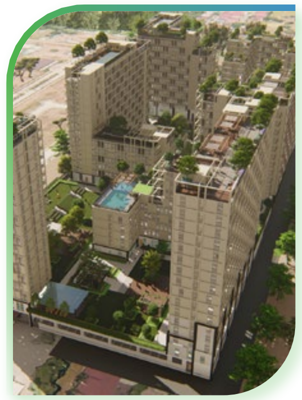
JULIETA R. CASTAÑOS
Asst. Vice-President for Business Development

Corporate Governance

CLI's commitment to exemplary corporate governance continued to pay dividends in 2022, highlighted by its successful entry into the debt securities market and the significant improvement of its corporate governance rating. In publishing its first-ever integrated sustainability report and the continued emphasis on adherence to ESG standards, CLI is full steam ahead in its journey toward excellence in corporate governance.

2022 Corporate Governance Highlights

CLI recognizes that exemplary corporate governance is essential in achieving its long-term success, creating sustainable value and positive impact for its shareholders, customers, stakeholders, and partner communities. CLI fully commits to promoting exemplary corporate governance by employing the highest professional and ethical standards in conducting its business.



Successful entry in the fixed-income securities market through the P5 billion maiden bond offering

15.21% increase in the Company's corporate governance rating based on Institute Of Corporate Directors (ICD) evaluation

Publication of the Company's first integrated report (Maestro: Going Beyond)

CFO Grant Cheng recognized as 2022 ING-FINEX CFO of the Year

In 2022, CLI's continued commitment and concerted governance and compliance efforts paved the way for its successful entry into the fixed-income securities market through its P5 billion maiden bond offering. The Company also saw a marked increase in its corporate governance rating based on the recent performance evaluation conducted by the Institute of Corporate Directors (ICD), the Philippines' domestic ranking body.

On November 24, 2022, CLI Chief Financial Officer (CFO) Grant Cheng was awarded the ING-FINEX CFO of the Year. Recognizing Mr. Grant Cheng as the CFO of the Year is an individual achievement and an organizational success. It affirms and attests to CLI's quality of leadership, its overall financial excellence, and the organization's distinctive governance and compliance culture. Mr. Cheng, also a member of the Board of Directors, is the youngest awardee of the most prestigious recognition for the country's top finance leaders and is the first awardee from a non-conglomerate organization.

CLI MAIDEN BOND OFFERING

2022 is a landmark year in CLI's capital market initiatives. Backed by its strong track record, bullish market and investor sentiments, robust institutional support, and the culture of governance and compliance within the Company, CLI successfully listed, issued, and had its first fixed-rate bond offering worth P5 billion (CLI bonds) fully subscribed in the Philippine Dealing and Exchange Corp. (PDEx) on October 07, 2022. This is the first tranche of CLI's shelf registration of the P15 billion debt securities program approved by the Securities and Exchange Commission (SEC).

The CLI Bonds received a credit rating of Aa plus with a Stable Outlook from the Philippine Rating Services Corp. (PhilRatings). Obligations rated PRS Aa are of high quality and subject to very low credit risk. A Stable Outlook is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months. PhilRatings commended CLI for its sound management and strategies and its competitive advantage in VisMin markets, evidenced by its continued growth despite the pandemic.

The CLI Bonds will further fuel the Company's growth momentum, with the proceeds earmarked for its core residential business segments in vertical and horizontal housing.

The approvals received from SEC and PDEx, including the high credit rating from PhilRatings, are affirmations and imprimatur of CLI's good governance, solid and credible track record, and consistent compliance with statutory requirements and government regulations.

2022 ING-FINEX CFO OF THE YEAR

Grant Cheng, also a member of CLI's Board of Directors, was bestowed with the 2022 ING-FINEX CFO of the Year Award at Palacio de Memoria in Parañaque City on November 24, 2022, for exemplifying the qualities of an outstanding finance chief as a strategist, catalyst, steward, and operator.

CFO Cheng becomes the youngest recipient of the prestigious recognition from the longest-running search that honors the country's top finance chiefs. He also made history as the first awardee from a non-conglomerate organization.

A dynamic and across-the-board leader, CFO Cheng played a pivotal role in CLI's remarkable performance during the past few pandemic years. CLI remained profitable by implementing cost and budget monitoring processes and establishing approval limits and authority policies. He ushered in digital transformation, allowing business to continue despite pandemic restrictions. Virtual launches for projects, digital tours, and the development of an online collections portal enabled CLI to increase sales even as profit declined — a dip that ranks the lowest in the industry.

SUSTAINABILITY AND ESG INITIATIVES

CLI fully recognizes real estate development's economic, social, and environmental impacts and the importance of sustainability in delivering its vision to become the most customer-centric and community-focused organization in the Visayas and Mindanao regions. The Company commits to creating long-term value for the business and its stakeholders by driving innovation and improving the lives of its employees, customers, and communities while striving to manage its impacts on the environment and society responsibly, ethically, and with transparency and accountability.

With the leadership of CLI's Sustainability Manager and guided by the Board Corporate Governance Committee, CLI continued to advance its Sustainability and ESG strategies and initiatives in 2022.

The publication of CLI's first-ever integrated sustainability report highlights the Company's dedication to sustainability. CLI prepared the report in accordance with globally-accepted systems and standards for sustainability and corporate disclosure. CLI cross-referenced general and material disclosure topics on the most widely-adopted Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB), and the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework.

CLI's strategic planning pre-work and actual sessions, management committee meetings, and sustainability data collection and validation allowed the Company to identify essential and relevant impacts, issues, and risks from a sustainability standpoint. Sustainability talks from experts on climate change-related risks and green buildings provided insights on the value of identifying, measuring, addressing, and even minimizing the negative impacts of the Company's business activities on the environment and society. In clarifying risks through the risk management process, CLI also developed risk mitigation measures.

After considering all risks, issues, impacts, and opportunities, CLI developed its Five-Pillar Sustainability Strategy. The Company's sustainability framework interconnects all aspects of its operations and provides a snapshot of the Company's EESG profile. It defines CLI's sustainability vision and strategy, goals and objectives, and their alignment with the Sustainable Development Goals (SDGs).

All these were reflected in CLI's first-ever integrated sustainability report published in 2022, following globally accepted systems and standards for sustainability and corporate disclosure.

Moving forward, CLI is fully committed to making sustainability an indispensable and integral component of its overall operations, creating long-term value for its business and stakeholders by driving innovation and improving the quality of life of its people, customers, and communities while striving to manage its environmental impacts responsibly, ethically, and with transparency.

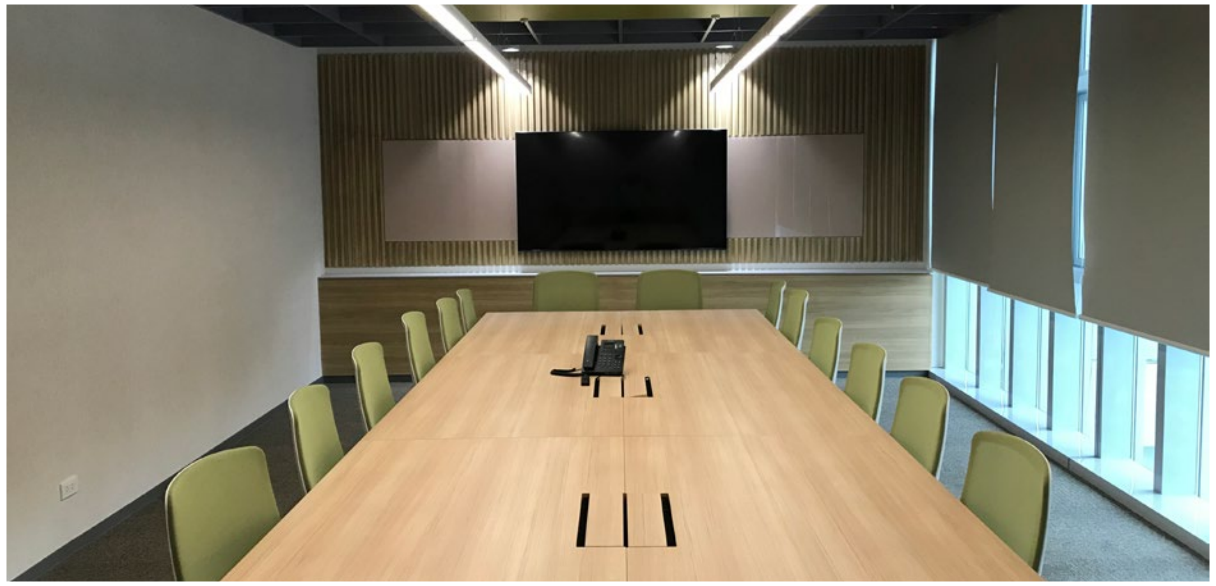
IMPROVED CORPORATE GOVERNANCE RATING AND ESG RECOGNITION

CLI's ACGS performance is well above industry standards. Based on the recent assessment and performance review conducted by ICD, the Company's ASEAN Corporate Governance Scorecard (ACGS) saw a marked improvement from prior years. Its 2021 ACGS performance received a total score of 79.02 points, a robust 15.21% increase from the preceding year (67.00 points).

The Company's score is several points higher than the industry average. Sectoral ACGS assessment results and ACGS data show that the Property sector received an average score of 63.34 points, whereas the 253 PLCs in the Philippines received an average score of 66.27.

CLI recognizes its areas for improvement and commits to further improve its corporate governance practices in alignment with ACGS standards and global best practices.

In recognition of its continued efforts and impact on ESG in the property sector, CLI received its second consecutive Special Environment, Social, and Governance (ESG) Recognition during the 10th PropertyGuru Philippines Property Awards held on October 07, 2022.



CLI BALANCED SCORECARD

CLI commenced the development of a corporate balance scorecard in 2022, aligning the Company's vision and mission with the respective departments' and individuals' goals and objectives. The Scorecard also serves to measure and align the grant of rewards and compensation that accounts for the performance of the Company beyond short-term financial measures.

The Company created an inter-departmental and cross-functional task force to cascade strategy, align the departments to the corporate level strategy, and ensure follow-through on strategy management. The work sessions of the task force provided significant inputs for the process review and target setting, from which the corporate, departmental, and individual balanced scorecards are developed. The scorecard development exercise discussed the steps in formulating key result areas (KRAs) vis-à-vis key performance indicators (KPIs), targets, and a rating system aligned to CLI's strategic plans. In addition, this exercise serves to embed sustainability in the company's operations and activities with specific KPIs and measures on non-financial performance particularly in the aspect of organizational development, occupational health and safety, customer, communities, process digitalization, and environmental sustainability in project development. The KPIs reflected in the corporate Scorecard are expanded at the departmental levels with a more detailed set of measures.

CLI's Balanced Scorecard was officially launched and rolled out in Q1 2023. It provides a set of measures that gives a quick and comprehensive view of CLI's business, including financial measures that tell the results of actions already taken. The Scorecard complements the financial measures with operational measures on customer satisfaction, internal processes, and the organization's innovations and improvement activities. The operational measures serve as drivers of the Company's future financial performance.

CLI'S FIRST IN-HOUSE CORPORATE GOVERNANCE TRAINING

In keeping with its Board Charter and Manual on Corporate Governance, all CLI Board members must attend relevant annual continuing training to promote effective board performance and continuing qualification of the directors in carrying out their duties and responsibilities.

CLI partnered with the Institute of Corporate Directors (ICD) to hold the Advanced Corporate Governance Training (ACGT), CLI's first in-house corporate governance training. CLI and ICD conducted the ACGT to enhance the Company's continuing education and training programs.

ACGT was held on November 24, 2022, and attended by distinguished speakers from ICD covering topics and discussions on Sustainability and ESG, ASEAN Corporate Governance Scorecard, and Digital Transformation.

All nine CLI directors and 21 key management personnel participated in the ACGT, which included members of the Management Committee, the Secretariat (Corporate Secretary and Asst. Corporate Secretary), and the Compliance Officer.

CLI STRATEGIC PLANNING FOR 2023 TO 2027

With the theme "Next Level CLI," CLI's 2022 Strategic Planning sessions were held in Singapore on October 12-16, 2022. The keynote speaker was the Vice-President for Sustainability in CapitaLand, one of Asia's leading real estate groups. All members of the CLI Board and CLI's Management Committee were present and actively participated in the strategic planning sessions. Together, they formulated CLI's business strategies and strategic enablers to achieve the Company's financial targets and organizational goals with the focus on driving CLI's sustainability goals and further expansion for the next five years.

The results and outputs of the strategic planning sessions were cascaded to the respective CLI departments, strategic business units, and personnel. The Strategic Plan cascade laid the foundation for formulating their respective 2023 Strategic Business Unit and Departmental Plans, Scorecards, and Budget Planning.

ANTI-MONEY LAUNDERING COMPLIANCE

In recognition of CLI and the CLI Group's compliance and adherence to Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regulations and requirements, including the submission of the necessary documentary requirements, all covered entities under the CLI Group successfully secured their full-blown and regular AML/CTF Certificates of Registration.

In keeping with its Policy on Anti-Money Laundering and Terrorist Financing Prevention, specifically its AML/CTF Training Program, CLI, through the Office of the Compliance Officer, coordinates with the various departments and ensures that responsible individuals undergo appropriate and relevant training, including refresher trainings and AMLC-accredited training courses.

CLI continues to promote high ethical standards and the observance of good corporate governance, specifically in matters of AML/CTF, and with the fundamental objective of preventing and shielding CLI and the CLI Group from being used, intentionally or unintentionally, for money laundering, and/or terrorist financing.

ANNUAL PERFORMANCE EVALUATION

In adherence with its Manual on Corporate Governance and Board Charter, the Board conducted its annual performance evaluation and assessment, including a review and rating of the performance of the Board, individual directors, board committees, and the management team led by the CEO.

In coordination with CLI's I.T. Department, the Compliance Officer rolled out the digitalized performance evaluation and assessment forms for required respondents to accomplish.

CLI's evaluation and assessment utilized a five-point scale rating system, with zero being the lowest (representing "Strongly Disagree" as a response to the statement) and five being the highest (representing "Strongly Agree").

A. For the performance assessment and evaluation of the CLI Board

The Board conducted a self-assessment of its performance as a collegial body, in which all members participated. In evaluating the CLI Board's performance, the following criteria and factors based on the provisions of the CG Code, CLI's Manual on Corporate Governance, and Board Charter were considered, among others:

CRITERIA FOR THE PERFORMANCE ASSESSMENT AND EVALUATION OF THE CLI BOARD

- Role of Board and members - clarity of roles, responsibilities, and accountabilities; compliance with disclosure of directorships; conduct of separate periodic meetings of NEDs
- Performance of the CLI Board- oversee the development of CLI's business and strategy, and monitor its implementation; establishment of board committees and board charters; conduct annual assessment and performance evaluation; adoption of effective succession planning program
- Agenda and Minutes - timeliness of the distribution; clarity and sufficiency of information; whether supporting documents are well-organized; accuracy, clarity, and sufficiency of minutes
- Conduct of meetings - evaluation on whether the Chairperson conducted meetings effectively and efficiently; frequency of meetings; conduct of meetings with quorum; conduciveness of meetings to open and productive discussion of issues
- Board composition - whether the Board is still composed of directors with collective working knowledge, experience, or expertise relevant to CLI's industry/sector; sufficiency on the number of independent directors; compliance with the number of concurrent directorships; presence and qualifications of the Lead Independent Director; presence and qualifications of the Corporate Secretary and Compliance Officer
- Observations and suggestions for improvements

B. For the performance assessment and evaluation of the individual CLI Directors

The members of the CLI Board conducted a self-assessment of their performance. In evaluating their individual performance, the following criteria and factors were considered based on their specific duties and responsibilities provided in the CLI Board Charter and CG Code:

CRITERIA FOR THE PERFORMANCE ASSESSMENT AND EVALUATION OF THE INDIVIDUAL CLI DIRECTORS

- Duty of Care and Exercise of Integrity - acted on a fully informed basis, in good faith, with due diligence and care; exercise of leadership, prudence, and integrity in directing CLI towards sustained progress
- Duty of Loyalty and Accountability - acted in the best interest of CLI and all its stakeholders, characterized by transparency, accountability, and fairness
- Fostering Commitment - devotion of time and attention to properly and effectively perform their duties and responsibilities, including attendance and active participation in all meetings, whether in-person or through tele-/video conferencing
- Objective and Independent Judgment - exercise of objective and independent judgment on all corporate affairs; abstention in case of conflict of interest
- Acting judiciously - careful evaluation of issues before rendering a decision, and application of high ethical standards taking into account the interest of stakeholders
- Working knowledge - working knowledge of statutory and regulatory requirements relevant to CLI; keeping abreast with industry developments and business trends
- Observance of confidentiality - keeping secure and confidential all non-public information; non-revealing of confidential information to unauthorized persons
- Continuing qualification as CLI Director - possession of all the qualifications and none of the disqualifications
- Observations and suggestions for improvement of individual performance

C. For the performance assessment and evaluation of the Board Committees

The Board Committees conducted a self-assessment of their performance and was participated by all members of the respective committees. In evaluating the Board Committee's performance, the following criteria and factors were considered based on the provisions of the respective Committee Charters and CG Code:

CRITERIA FOR THE PERFORMANCE ASSESSMENT AND EVALUATION OF THE BOARD COMMITTEES

- Role of Committee and Members - clarity of roles; operation in accordance with respective Charters and Manual on Corporate Governance
- Performance of Committee - evaluation and assessment of each role and responsibility of the respective committees
- Committee Agenda and Minutes - timeliness of the distribution; clarity and sufficiency of information; whether supporting documents are well-organized; accuracy, clarity, and sufficiency of minutes
- Conduct of Meetings - evaluation on whether the Chairperson conducted meetings effectively and efficiently; frequency of meetings; conduct of meetings with quorum; conduciveness of meetings to open and productive discussion of issues
- Committee Composition - right mix of skills, experience, and value-added attributes; working relationship between Chairperson and members
- Observations and suggestions for improvement of committee performance

D. For the performance assessment and evaluation of the CEO

The Board conducted an assessment of the performance of the CEO as the leader of the management team. In evaluating the CLI CEO's performance, the following criteria and factors were considered based on the provisions of the CG Code and CLI's Manual on Corporate Governance:

CRITERIA FOR THE PERFORMANCE ASSESSMENT AND EVALUATION OF THE CEO

- Determination of CLI's strategic direction and formulation and implementation of its strategic plans
- Communication and implementation of CLI's vision, mission, values, and overall strategies
- Oversees the operations of CLI and manages human and financial resources following the strategic plan
- Builds the corporate culture and motivates the employees of CLI
- Observations and suggestions for improvement of the CEO's performance

The Office of the Compliance Officer reviewed, verified, and tabulated the duly accomplished assessment forms. A summary of the results of the assessments, including the various performance ratings and comments of directors and committee members, were presented and discussed during the respective Corporate Governance Committee and Board meetings.

FULL COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR PLCS AND DECLARATION ON RELATED PARTY TRANSACTIONS (RPTS), INTERNAL CONTROLS AND RISK MANAGEMENT

CLI fully complies with the Code of Corporate Governance and continues to undertake measures to comply with leading best practices. The Board of Directors and Management Team have promoted and implemented various principles and recommendations in SEC Memorandum Circular No. 19, series of 2016 (otherwise known as the Code of Corporate Governance for Publicly-Listed Companies), PSE CG Guidelines, as well as recommended practices under the ASEAN Corporate Governance Scorecard. These are all reported in its comprehensive Integrated Annual Corporate Governance Reports (I-ACGRs) submitted to SEC, uploaded to PSE EDGE, and posted on CLI's website. CLI's improved and enhanced I-ACGRs provide a clear and succinct picture of its compliance with the recommended principles and best practices in corporate governance at par, if not exceeding, industry standards.

In keeping with CLI's RPT Policy and Transfer Pricing Policy, the Company declares that all its related party transactions in 2022 were conducted in a fair and at an arm's length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances.

Pursuant to CLI's RPT Policy, related party transactions involving at least P50,000,000.00 or its equivalent are submitted to the RPT Committee for review and pre-approval. CLI's RPT Committee reviews and ensures that the RPTs are conducted at an arms' length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances, in all cases, comply with the provisions under its Transfer Pricing Policy. RPTs approved by the RPT Committee were then endorsed to the CLI Board for subsequent approval and/or ratification.

The RPT Committee and CLI Board approved all RPTs breaching the P50 million threshold, as supported by its respective minutes of meetings and committee/board resolutions. For CY2022, these included the approval of shareholder advances to related party joint venture entities and procurement of contracted services from other related parties. No RPTs breached the SEC's 10% Material RPT threshold for CY2022.

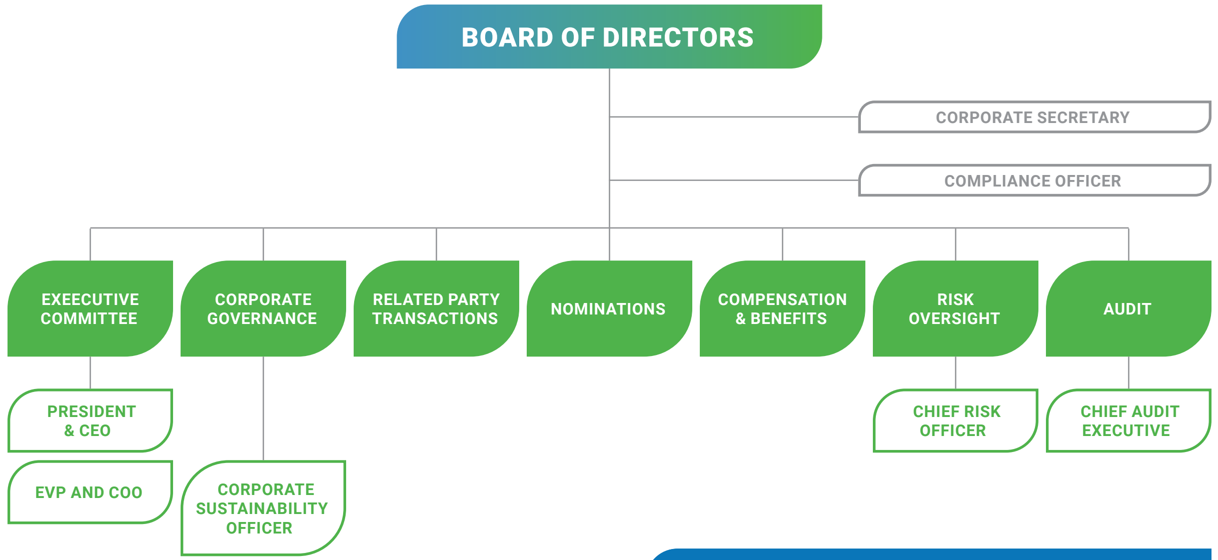
The CLI Board and its Audit Committee declare and attest that for the fiscal year ending 31 December 2022, CLI has adequate and sound internal controls and risk management systems in place and working effectively. The CLI Board and its principal committees, including its Audit Committee and Risk Oversight Committee, review the Company's internal controls and risk management system on a regular basis.

Board of Directors

The CLI board has three independent directors. The board committees on Corporate Governance, Related Party Transactions, Nomination, Risk Oversight and Audit committees are chaired by an independent director.

Independent and non-executive directors are not employed by the Company but act as independent advisors. They are part of the Company's board of directors and are considered as stakeholders. The independent directors are involved in policy making and strategic planning exercises and regularly assess the Company's performance through quarterly committee meetings each chaired by an independent director.

CLI GOVERNANCE STRUCTURE



MANAGEMENT-LEVEL COMMITTEES

Enterprise Risk Management Committee
Bidding Committee
Investment Committee
Crisis Management Team
Sustainability Committee

BOARD DIVERSITY

Gender
56% Male
44% Female

Age
56% 34-41 y/o
44% 60-71 y/o

Expertise, Skills, Experience
Real Estate Development, Economics, Business Management/ Administration, Finance, Banking/Wealth Management, Accountancy, Marketing, Corporate Law/Legal Practice/Lanscape Architecture

CLI's overall management and supervision are vested in its Board of Directors, composed of experienced professionals with collective working knowledge and expertise relevant to the real estate industry. The CLI Board has an appropriate mix of competence and expertise. The directors of the CLI Board remain qualified for their positions individually and collectively.

The Board oversees the development, review, and approval of CLI's business objectives and strategies. The Board also oversees and monitors the implementation of these business objectives and strategies. The Board reviews business objectives and strategies every board meeting. A Management Team supports the Board by preparing relevant information and reports concerning the Company's business operations and financial condition.

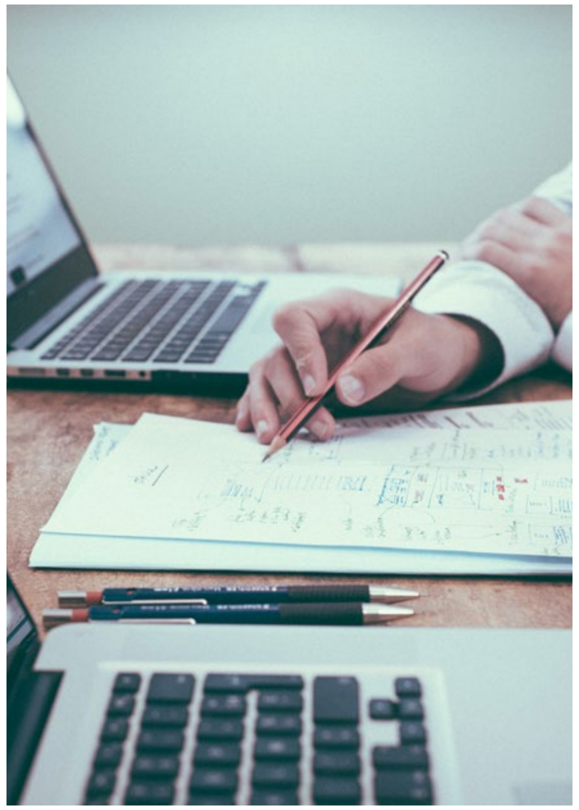
All members of the CLI Board, together with CLI's Management Committee, attended and took active participation in CLI's 2022 Strategic Planning sessions (2022 Strat Plan). The 2022 Strat Plan, with the theme "Next Level CLI," was held in Singapore on October 12-16, 2022. The 2022 Strat Plan resulted in the formulation and development of CLI's business strategies and strategic enablers to achieve its financial targets and organizational goals for the next five years.

BOARD DIVERSITY – POLICY AND PROGRESS REPORT

CLI observes a board diversity policy to avoid groupthink and achieve optimal decision-making. CLI's board diversity encourages selecting an appropriate mix of competent directors, each of whom can add value and independent judgment in formulating sound corporate strategies and policies. Diversity includes skills, experience, expertise, age, gender, ethnicity, culture, competence, and knowledge. CLI's Board Diversity Policy is incorporated and embedded in its Manual on Corporate Governance and Board Charter.

As of this publication, the CLI Board comprises nine individuals with diverse skills, culture, ethnicity, competence, knowledge, and professional, business, and educational backgrounds. It is also composed of highly respected top executives and seasoned real estate professionals with diverse experience and expertise in the fields of economics, accounting, finance, management, business administration, communication, manufacturing and management engineering, agricultural economics, legal, and landscape architecture, among other academic disciplines and fields of endeavor.

The CLI Board has an optimal mix of youth and experience with ages ranging from 35 to 72. Four of the nine directors are female.



CORPORATE GOVERNANCE TRAINING

CLI provides a policy on training for directors in its Board Charter and Manual on Corporate Governance. All first-time directors must attend and complete CLI's orientation program, while all other directors are required to attend annual corporate governance training. In compliance with best practices, CLI requires directors to meet minimum hours of corporate governance seminars conducted by SEC-accredited institutional providers, i.e., at least eight hours for first-time directors and four hours per annum for the annual continuing training of all other directors. The Compliance Officer monitors the directors' compliance with this training policy.

For CY2022, all members of the CLI Board attended the requisite training and seminars and were accordingly certified as compliant by the Compliance Officer (see summary table for the listing of the CY2022 corporate governance training attended by CLI directors and executive officers).

EXECUTIVE AND BOARD REMUNERATION

In compliance with CLI's Manual on Corporate Governance, the Board aligns the remuneration of key officers and Board members with the long-term interests of CLI. The Board adopts a policy specifying the relationship between remuneration and performance. Directors do not participate in discussions or deliberations involving their own compensation.

CLI grants remuneration to its executive directors and senior executives based on performance, i.e., individual performance and collective performance of their respective groups/departments, pursuant to identified key deliverables and other performance indicators aligned with its long-term interest and objectives. The Balanced Scorecard aids in this remuneration, as it serves as a measurement and tool for aligning the grant of rewards and compensation that accounts for the performance of the Company beyond short-term financial measures.

The Board Corporate Governance Committee had overseen the remuneration of Board members and key officers until March 21, 2022, wherein the newly created Compensation and Benefits Committee was organized to manage concerns about their remuneration.

CONFLICT OF INTEREST

In compliance with the provisions of CLI's Manual on Corporate Governance and Board Charter, directors with material interest in a transaction affecting the Company and in other conflicts of interest situations (actual or potential) are required to fully and immediately disclose the same and are mandated to abstain from taking part in its deliberations.

A fundamental principle in CLI is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He is mandated to avoid situations that may compromise his impartiality. For CY2022, there was no transaction where a CLI director had a material interest affecting the Company and/or any conflict of interest (actual or potential).

CLI directors are also mandated to notify the Board before accepting a directorship in another company. CLI has no executive director who serves more than two boards of listed companies outside the CLI Group.

Meanwhile, CLI discloses RPTs and other unusual or infrequently occurring transactions consistent with its RPT Policy that sets out the guidelines, categories, and thresholds governing the review, approval, or ratification of RPTs by the Board and/or CLI shareholders and ensures that these RPTs are duly accounted for and disclosed under relevant laws and regulations.

Spearheaded by the Board RPT Committee, CLI rolled out its enhanced Transfer Pricing Policy in adherence with the requirements and issuances of BIR. The Transfer Pricing Policy sets the general principles and guidelines that govern the transfer pricing of CLI's related-party transactions. It ensures that all related parties within the CLI Group of Companies enter these on an arm's-length basis.

Election and Composition of CLI Board

The following directors were elected during the 2022 annual stockholders meeting held on June 07, 2022:

Jose R. Soberano III

Chairman of the Board, President, and Chief Executive Officer (CEO)
Age: 67
Citizenship: Filipino
Date of first appointment as CLI Director: September 2003

Jose R. Soberano III has been the Company's Chairman, CEO, and President since its incorporation. He obtained a Bachelor of Arts in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and the Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate at the Harvard University Graduate School. He worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and Ayala Land. Inc., where he was appointed Senior Division Manager in 1997. He was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City, when he resigned in 2000 from Ayala. He served as President of the Rotary Club of Cebu in 2011 and the Chamber of Real Estate Builders Association-Cebu in 2010. Mr. Jose R. Soberano III has over 20 years of experience managing and heading companies engaged in real estate development.

OTHER PRESENT DIRECTORSHIPS:
In addition to his directorships and key positions in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Jose R. Soberano III also holds the following directorships and positions in the following non-publicly listed entities (Non-PLC). He does not hold directorships in other publicly-listed companies.

Center for Technology and Enterprise Inc.	Sri Visayan Foundation Inc.	Cebu Country Club, Inc.	Sugbu Chinese Heritage Museum Foundation Inc.	Maybank Investment Banking Group Philippines
Classification: Non-PLC Position: Chairman of the Board	Classification: Non-PLC Position: President	Classification: Non-PLC Position: President	Classification: Non-PLC Position: Director and Treasurer	Classification: Non-PLC Position: Independent Director

Ma. Rosario B. Soberano

Director, Treasurer, and Senior Executive Vice-President
Age: 64
Citizenship: Filipino
Date of first appointment as CLI Director: September 2003

Ma. Rosario B. Soberano has served as the Company's Director, Treasurer, and Executive Vice-President since 2003. She received a Bachelor of Science major in Accountancy degree in 1979 and graduated summa cum laude from St. Theresa's College in Cebu. She also obtained a Master's in Business Administration from the University of the Philippines – Cebu in 1983. She is a Certified Public Accountant and a licensed real estate broker duly registered with the Professional Regulations Commission and the Department of Human Settlements and Urban Development.

OTHER PRESENT DIRECTORSHIPS:
In addition to her directorships and key positions in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Ma. Rosario B. Soberano does not hold directorships in other entities outside the CLI Group.

Jose Franco B. Soberano

Director, Chief Operating Officer (COO), and Executive Vice-President
Age: 37
Citizenship: Filipino
Date of first appointment as CLI Director: November 2010

Jose Franco B. Soberano has served as Director of the Company since 2010 and joined the Company as COO and Senior Vice-President in 2010. He received a Bachelor of Science in Management major in Legal Management and a minor in Finance from the Ateneo de Manila University in 2007. In 2012, he obtained a Master's Degree in Real Estate Development from Columbia University in New York City. Before joining the Company, he was a project manager at Hewlett-Packard Asia Pacific (HK) Ltd.

OTHER PRESENT DIRECTORSHIPS:
In addition to his directorships and key positions in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Jose Franco B. Soberano also holds the following positions in other non-publicly listed entities (Non-PLC). He does not hold directorships in other publicly-listed companies.

Global Shapers – Cebu Hub
(an initiative of the World Economic Forum)
Classification: Non-PLC
Position: Founding Member

Sacred Heart School – Ateneo de Cebu Alumni Association
Classification: Non-PLC
Position: President

Beauregard Grant L. Cheng

Director and Chief Financial Officer (CFO)
Age: 41
Citizenship: Filipino
Date of first appointment as CLI Director: May 2019

Beauregard Grant L. Cheng has been CLI's CFO and Executive Director since 2019. Before joining CLI, he was a Senior Deal Manager with the rank of Vice-President at BDO Capital & Investment Corporation. He led his project teams in managing various complex capital market transactions and advised companies in different industries on corporate restructuring and reorganization. Previously, he was a private banker in Singapore, handling accounts for high-net-worth individuals and institutions. He is a registered Chartered Financial Analyst (CFA) Charter holder and a CFA Philippines Society member. He earned his Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. The Philippine President awarded him as one of the Top Ten Outstanding Students of the Philippines. He earned his Master of Science in Wealth Management with distinction from Singapore Management University and the Swiss Finance Institute in Zurich. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

OTHER PRESENT DIRECTORSHIPS:
In addition to his directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Grant L. Cheng does not hold directorships in other entities outside the CLI Group.

Joanna Marie S. Bergundthal

Director, Senior Vice-President for Marketing & HR and Asst. Treasurer
Age: 35
Citizenship: Filipino
Date of first appointment as CLI Director: February 2017

Joanna Marie S. Bergundthal has served as Director of the Company since 2010 and joined the Company as Vice-President and Marketing Director in July 2016. She earned from the University of Asia and the Pacific both her Bachelor's and Master of Arts in Communication, majoring in Integrated Marketing Communication in 2008 and 2009, respectively. She was Top 1 of her Batch in 2008. Before joining the Company, she had a 10 year career in Nestle, starting as a Management Trainee in Nestle Philippines and promoted to Brand Manager. After 4 years, she represented Nestle Philippines to be the company's 1st delegate in Nestle's global international program for young leaders in Marketing and Sales, together with 4 delegates from other Nestle markets . During her expatriation she was Global Marketing Manager in the Nestle Headquarters in Switzerland and a 1-year assignment in Nestle Thailand before she returned back to the headquarters for another global marketing role.

OTHER PRESENT DIRECTORSHIPS:
Other present directorships:
In addition to her directorships and key positions in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Joanna Marie S. Bergundthal does not hold directorships in other entities outside the CLI Group.

Rufino Luis T. Manotok
Lead Independent Director
Age: 72
Citizenship: Filipino
Date of first appointment as CLI Director: February 2017

Rufino Luis T. Manotok joined as one of the Company's Independent Directors in February 2017. He finished the Advanced Management Program of Harvard Business School in 1994. He earned his Master of Business Management degree from the Asian Institute of Management in 1973 and a Bachelor of Arts in Economics from the Ateneo de Manila University in 1971. He was the Chairman and President of Ayala Automotive Holdings Corporation from 2009 to 2012. From 2007 to 2009, he was Ayala Corporation's Senior Managing Director, CFO, and Chief Information Officer. He was Managing Director, heading the Strategic Planning Group of Ayala Corporation from 1998 to 2006. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

OTHER PRESENT DIRECTORSHIPS:

First Metro Investment Corporation
Classification: Non-PLC
Position: Independent Director

Manila Doctor Hospital
Classification: Non-PLC
Position: Non-Executive Director

Manarsa Holdings, Inc.
Classification: Non-PLC
Position: Chairman of the Board

Manotok Bros., Inc.
Classification: Non-PLC
Position: Executive Director

Ma. Aurora D. Geotina-Garcia
Independent Director
Age: 70
Citizenship: Filipino
Date of first appointment as CLI Director: February 2017

Ma. Aurora D. Geotina-Garcia joined as one of the Company's Independent Directors in February 2017. She received her Bachelor of Science in Business Administration and Accountancy degree from UP in 1973. She completed her Master of Business Administration from the same university in 1978. She headed SyCip Gorres Velayo & Co.'s Global Corporate Finance Division from 1992 until she retired from the partnership in 2001. She was a Senior Adviser to SGV & Co. from her retirement until September 2006. She has been a corporate finance consultant to businesses and the government for over 30 years. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

OTHER PRESENT DIRECTORSHIPS:

ENEX Energy Corp.
Classification: Publicly-listed
Position: Independent Director

Professional Services, Inc.
Classification: Non-PLC
Position: Independent Director

Mageo Consulting Inc.
Classification: Non-PLC
Position: President

Atty. Ma. Jasmine S. Oporto
Independent Director
Age: 63
Citizenship: Filipino
Date of first appointment as CLI Director: August 2018

Atty. Ma. Jasmine S. Oporto joined the Board of Directors of CLI as an Independent Director in August 2018. She obtained her Bachelor of Laws from the UP College of Law and her Bachelor of Landscape Architecture from the same university. She also attended the Comparative International and American Law Program of the Center for American and International Law. She is an experienced Chief Legal Officer, Chief Compliance Officer, and Corporate Secretary. She has worked in said capacity with publicly listed companies like Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation. She is also a certified Compliance & Risk Management Professional with the GRC Institute of Australia. In her legal practice, she has intensive experience working with a vast network of external and in-house legal counsels for labor, commercial litigation, securities law, power industry regulation, land, infrastructure capital, and general corporate law. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

OTHER PRESENT DIRECTORSHIPS:
Atty. Ma. Jasmine S. Oporto has no other current and existing directorships in the Philippines (listed or non-listed).

Stephen A. Tan
Non-Executive Director
Age: 66
Citizenship: Filipino
Date of first appointment as CLI Director: May 2019

Stephen A. Tan has been a member of the CLI board as Non-Executive Director since 2019. He is a Certified Public Accountant and holds an MBA, with distinction, from Katholieke Universiteit te Leuven in Belgium and a Bachelor of Science in Management Engineering from Ateneo de Manila University. He is also a Hubert H. Humphrey (Fulbright) Fellow in Agricultural Economics at the University of California, Davis. He earned his degree in Accounting from the University of San Carlos. Before retiring from CLI as CFO in May 2019, he also served as CFO and Treasurer at various companies engaged in real estate development, construction, food, and shipbuilding, among other industries. For over 30 years, he has been a part-time MBA professor at leading universities in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

OTHER PRESENT DIRECTORSHIPS:

CLI-LITE Panglao Inc.
Classification: Non-PLC
Position: Independent Director

Sacred Heart School – Ateneo de Cebu
Classification: Non-PLC
Position: Board of Trustee

Tsuneishi Heavy Industries (Cebu), Inc.
Classification: Non-PLC
Position: Treasurer

In compliance with the SRC and SEC's CG Code requirements for PLCs, the Board of Directors comprises three independent directors, who constitute one-third of CLI's board membership. CLI's independent directors are Mr. Rufino Luis T. Manotok, Ms. Ma. Aurora D. Geotina-Garcia, and Atty. Ma. Jasmine S. Oporto.

The CLI Board also re-elected Mr. Rufino Luis T. Manotok as its Lead Independent Director, who is a respected executive in the business community, having held several key positions in the largest conglomerates and companies in the Philippines (e.g., as Chairman and President, Senior Managing Director, CFO, and CIO, et al.).

CLI's independent directors possess all the qualifications and none of the disqualifications to hold such positions. The independent directors do not have interests or relationships that may hinder their independence from the Company or its management or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. CLI's independent directors had perfect attendance in all their respective Board and Committee meetings in 2022 (see summary table below for the listing of the CY2022 board and committee meetings).

Pursuant to CLI's CG Manual and policy on setting the limit of Board seats, non-executive directors, including independent directors, can only concurrently serve up to a maximum of five publicly-listed companies. As of the calendar year ending December 31, 2022, all non-executive directors of CLI are compliant with the limit on board directorships. None of the CLI directors (executive or non-executive) holds directorships in five or more publicly-listed companies to ensure sufficient time to fully prepare for meetings, challenge management's proposals and views, and oversee the long-term strategy of CLI.

CLI Board Committees

The CLI Board has fully engaged and functioning Board committees that support the effective performance of its functions. CLI's principal Board Committees comprise the Audit Committee, Corporate Governance Committee, Related-Party Transaction Committee, Risk Oversight Committee, Nomination Committee, and the recently established Compensation and Benefits Committee.

All established CLI Committees have their respective charters that clearly state their individual purposes, memberships, structures, operations, reporting processes, resources, and standards for evaluating their performance. All CLI Committee Charters are fully disclosed on CLI's website.

AUDIT COMMITTEE

The Audit Committee assists the Board in performing and fulfilling its oversight responsibility over CLI's financial reporting process, internal control system, internal and external audit processes, and monitoring compliance with applicable laws, rules, and regulations. The Audit Committee has oversight over the internal audit team's work. It is primarily responsible for recommending the appointment and removal of CLI's external auditor using a robust process for approving and recommending its appointment, reappointment, removal, and fees. The process includes the review and recommendation by the Audit Committee, review and approval of the CLI Board, and further approval and ratification by the CLI shareholders. The Audit Committee also reviews the performance of the external auditor. Pursuant to CLI's Manual on Corporate Governance, the external auditor shall be rotated or changed, or the signing partner of the external auditing firm assigned to CLI should be rotated or revised every five years.

The external auditor, Punongbayan & Araullo (P&A), assigned a new engagement and signing partner in the person of Mailene Sigue-Bisnar (CPA Reg. No. 0090230; Partner- No. 90230-SEC, until December 31, 2025). For CLI's FY2020 financial statements, P&A's engagement and signing partner was Christopher M. Ferareza. This was done to commence the audit of CLI's FY2021 financial statements and the current audit of its FY2022 financial statements.

The Audit Committee also evaluates and determines the external auditor's non-audit work, if any. It approves all non-audit services conducted by the external auditor. It disallows the same if it conflicts with its duties as an external auditor or will otherwise threaten its independence.

For FY2022, P&A did not conduct or render any non-audit services to CLI.

The following is the summary breakdown of the audit and non-audit fees paid to P&A for FY2022 (exclusive of the 12% VAT):

TOTAL fees paid to P&A (FY2022)	P3,310,657.61
Audit and Audit-Related Fees	P3,310,657.61
Non-audit fees	Nil

For the 2022-2023 term, the Audit Committee comprises four qualified non-executive directors, three of whom, including the Chairperson, are independent directors. All the members of the Audit Committee have relevant background, knowledge, skills and experience in accounting, auditing, and finance. Ma. Aurora D. Geotina-Garcia, the Chairperson of the Audit Committee, is not the Chairman/Chairperson of the CLI Board or any other committee.

CORPORATE GOVERNANCE COMMITTEE

The fully engaged CLI Corporate Governance Committee assists the Board in performing its corporate governance oversight responsibilities and ensuring compliance with and proper observance of corporate governance principles and practices.

For the 2022-2023 term, the Corporate Governance Committee comprises four non-executive directors, three of whom are independent directors. The Chairperson, Atty. Ma. Jasmine S. Oporto is also an independent director.

In the area of sustainability, the Corporate Governance Committee is supported by its Sustainability Head, Vera R. Alejandria. Before joining CLI, Ms. Alejandria held various positions in Cebu Holdings, Inc. and Ayala Land, Inc. spanning over 27 years, including as Sustainability and Community Relations Manager, Project Lead (Cebu Business District Action Team), Corporate Communication and Customer Affairs Division Manager, and Quality, Environment, and Health and Safety Management System Auditor. Ms. Alejandria is a Certified Sustainability Reporting Specialist and Certified Sustainability Assurance Practitioner.

RISK OVERSIGHT COMMITTEE

The Risk Oversight Committee ensures the proper implementation by the Board of its risk oversight functions over management's practices across the Company. The Risk Oversight Committee guides management in identifying, evaluating, and monitoring existing and emerging risks for proper treatment or mitigation.

For the 2022-2023 term, CLI's Risk Oversight Committee comprises four qualified non-executive directors, three of whom, including the Chairperson, are independent directors. The members of the Risk Oversight Committee, who are all experienced executives and have held various key positions in other publicly listed companies, all have relevant, thorough knowledge and experience in risk management. The Chairperson of the Risk Oversight Committee, Atty. Ma. Jasmine S. Oporto is a certified Compliance & Risk Management Professional under the GRC Institute of Australia.

The Chief Risk Officer (CRO), Marilou P. Plando, supports the Risk Oversight Committee. She has over 24 years of comprehensive experience and achievements in manufacturing, contact center, and retail operations. Before CLI, she was a Regional Operations Director for the Julie's Bakeshop Group. She also served as AVP for Enterprise Risk Management and Legal Business Operations with Aboitiz Equity Ventures, Inc.

RELATED PARTY TRANSACTION (RPT) COMMITTEE

The CLI Board has a fully functioning RPT Committee tasked with reviewing all material related-party transactions of CLI to ensure that these are conducted at arm's-length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances.

CLI's RPT Committee undertakes quarterly reviews and evaluations of CLI's related-party transactions. Management presents the various RPTs either for information (if not breaching the threshold) or approval (if breaching the RPT thresholds), which are then endorsed for ratification or approval by the Board.

For the 2022-2023 term, CLI's RPT Committee comprises four qualified non-executive directors, three of whom, including the Chairperson, are independent directors. Rufino Luis T. Manotok, the Chairperson of the CLI RPT Committee, is not the Chairman/Chairperson of the CLI Board or any other committee.

NOMINATION COMMITTEE

The Nomination Committee is responsible for nominating and vetting prospective nominee directors for the CLI Board. The Nomination Committee enforces and implements CLI's formal and transparent nomination and election policy, including criteria for selecting new directors and nominations from shareholders.

The nomination and election process includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between and among Board members. Only a stockholder of record entitled to notice and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected as a director of the Company.

For the 2022-2023 term, the Nomination Committee comprises three qualified directors, including the Lead Independent Director, Mr. Rufino Luis T. Manotok, as the Chairperson.

COMPENSATION AND BENEFITS COMMITTEE

The recently established Compensation and Benefits Committee directly assists the Board in determining the general principles and structure in rationalizing remuneration, compensation, and benefits of all CLI employees at all levels of the Company. The Compensation and Benefits Committee also oversees the administration and implementation of CLI's programs concerning remuneration, compensation, and benefits plans.

For the 2022-2023 term, the Compensation and Benefits Committee comprises three qualified directors, including its Non-Executive Director, Mr. Stephen Tan, as the Chairperson.

Compliance Officer

CLI has a formal compliance function, subject to regular review and evaluation as spearheaded by a Compliance Officer.

Through its Compliance Officer, CLI monitors, reviews, evaluates, and ensures compliance by its officers and directors with relevant laws, the pertinent Corporate Governance Codes, rules and regulations, and all governance issuances of regulatory agencies. The compliance function also ensures the attendance of Board members and key officers in relevant trainings.

Through its Compliance Officer, CLI has a detailed checklist and monitoring of compliance and regulatory requirements based on existing laws and government issuances, including the Code of Corporate Governance for PLCs and pertinent rules and regulations of the various government agencies. The compliance checklist is subject to regular review and updating by the Office of the Compliance Officer. The CLI Compliance Officer also presents and reports updates to the Board Corporate Governance Committee on CLI's corporate governance and compliance functions, including various compliance and submission requirements to the various government agencies applicable during the reporting period. The Compliance Officer also assists the Board and the Corporate Governance Committee in dispensing its overall compliance function, including drafting and reviewing corporate governance policies.

During its organizational meeting on June 07, 2022, the Board re-elected Atty. John Edmar G. Garde as CLI's Compliance Officer. In keeping with SEC Memorandum Circular No. 19, series of 2016, and pertinent issuances, Atty. Garde is not a member of the Board and is different from the Corporate Secretary. He is primarily liable to the Company and its shareholders, not its Chairman or President. Atty. Garde is a Certified Compliance Officer (CCO), having garnered the highest rating and certificate of excellence during the 2021 Certification Course for Compliance Officers of the Center for Global Best Practices (CGBP). Prior to joining CLI as Legal Counsel and Compliance Officer, Atty. Garde, 34, served as Manager/Director - Business Tax Services of SGV & Co./ Ernst & Young - Philippines. He graduated cum laude from the University of San Carlos (Bachelor of Science in Management Accounting) and received his law degree from the same university. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI. He attended various corporate governance training during CY2022.

Corporate Secretary

A Corporate Secretary and an assistant, both separate from the Compliance Officer, assist the CLI Board. The Corporate Secretary and Assistant Corporate Secretary are not members of the Board. The Secretariat distributes the materials for Board and Committee meetings to the directors and respective committee members before the meeting date. CLI uses the Diligent Board books, allowing each director and committee member to access and review the meeting materials online through a secure portal.

During its organizational meeting on June 07, 2022, the Board re-elected Atty. Alan C. Fontanosa as CLI's Corporate Secretary. Atty. Fontanosa is the partner-in-charge and Cebu Branch Head of SyCip Salazar Hernandez & Gatmaitan. His areas of expertise include industrial relations and labor litigation, civil and land cases, real estate transactions, corporate services, and special projects. He graduated magna cum laude from the University of San Carlos (A.B.) and received his law degree from the same university as cum laude. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

CLI's Assistant Corporate Secretary is Atty. Larri-Nil G. Veloso. Atty. Veloso is also CLI's Vice-President for Legal. An experienced practitioner in Corporate Law, he holds a Bachelor of Arts in Mass Communication from the University of the Philippines and earned his Bachelor of Laws from the University of Southern Philippines Foundation. As he completed law school, Atty. Veloso worked for print and online newspapers and held various positions, rising through the ranks from correspondent to staff reporter to copy editor to copywriter to junior editor to managing editor. He was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and was later promoted to its general manager. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

CLI's Corporate Secretary and Asst. Corporate Secretary both attended corporate governance training during CY2022.

Disclosure and Transparency

The CLI Board has existing corporate disclosure policies and procedures in accordance with best practices and regulatory expectations.

The Company publicly discloses all material information that could adversely affect its viability or the interests of its stockholders and other stakeholders promptly. Such information includes, among others, earnings results, acquisition or disposition of material assets, off-balance sheet transactions, related-party transactions, and direct and indirect remuneration of members of the Board and Management. All such information is disclosed through CLI's PSE EDGE link/portal and submitted to the SEC.

The Board is always committed to fully disclosing material information, such as any dealings in CLI's shares and any material fact or event that occurs, particularly on the acquisition or disposal of significant assets, as well as material nonfinancial and sustainability issues. All required information is filed and submitted through CLI's PSE EDGE portal and submitted to the SEC for the interest of its stockholders and other stakeholders.

CLI maintains a comprehensive and cost-efficient communication channel for disseminating relevant information. This includes conducting briefings for investors, analysts, and media by teleconference/video conference or through actual face-to-face meetings.

All briefings were conducted via videoconference for CY2022, considering the prevailing COVID-19 pandemic. CLI regularly engages the media through press conferences, briefings, news releases, tours, and social events. CLI's CEO, COO, CFO, and other senior managers conduct meetings with institutional investors and analysts through pre-arranged seminars or conferences. CLI conducts regular investors, analysts, and media tours to show the progress of its properties. CLI publishes regular e-newsletters to update analysts on its progress and performance. Annual, quarterly, and current reporting are uploaded to CLI's website and PSE EDGE portal.

The following is a summary list of CLI's analyst and media briefings conducted in 2022:

FY 2021 IR/ANALYSTS' BRIEFING	APRIL 07, 2022
Q1 2022 IR/ANALYSTS' BRIEFING	MAY 16, 2022
INSTITUTIONAL BRIEFING ON BONDS	JULY 19, 2022
INVEST ASEAN 2022 PHILIPPINES	AUGUST 1, 2022
H1 2022 INVESTORS' BRIEFING	AUGUST 12, 2022
PHILSTOCKS – CLI BRIEFING	AUGUST 22, 2022
PAPA SECURITIES BRIEFING	AUGUST 23, 2022
9M 2022 CLI ANALYSTS' AND INVESTORS' BRIEFING	NOVEMBER 14, 2022
BDO TRADE TALKS	NOVEMBER 29, 2022

CLI also conducted various one-on-one briefings with institutional investors concerning the listing and issuance of CLI Bonds.

CLI discloses in its annual report (SEC Form 17-A) the ownership interests of its controlling shareholders and the degree of ownership concentration. The CLI Group's map, detailing the cross holdings among company affiliates and showing the relationship between CLI and its related entities, is included as an attachment in the "Report of Independent Auditors to Accompany Supplemental Information Required by the SEC filed separately from the basic Consolidated Financial Statements." The Report, as mentioned earlier, is attached to the Annual Report (SEC Form 17-A) with the CLI Group's map. There are no imbalances between the controlling shareholders' voting power and overall equity position in CLI. Each holder of CLI shares is entitled to one vote for every share per Section 7, Article III of CLI's By-laws, as amended.

CLI discloses the trading of its shares by directors, key officers, and controlling shareholders. CLI also discloses the shareholdings of directors, management, and Top 100 shareholders. CLI also discloses the purchase of its shares from the market pursuant to its share buy-back program.

For CLI investor relations/communications and compliance, the following officers may be contacted:

B. Grant L. Cheng
Chief Finance Officer
grant_cheng@cebulandmasters.com

Clarissa Mae A. Cabalda
Investor Relations Manager
clarissa@cebulandmasters.com

Atty. John Edmar G. Garde
Compliance Officer
jggarde@cebulandmasters.com

Internal Control System and Internal Audit Functions

Through its Internal Audit (IA) Department, CLI maintains a Quality Assurance and Improvement Program that covers all aspects of the IA Department. The program includes an evaluation of the IA Department's conformance with the standards and whether internal auditors apply the Institute of Internal Auditors' (IIA) Code of Ethics. The program also assesses the efficiency and effectiveness of the IA Department and identifies opportunities for improvement.

The Audit Committee, through the IA Department, regularly reviews and evaluates the adequacy and effectiveness of CLI's internal control system.

CLI's Head of the Internal Audit Department is the ex officio Chief Audit Executive, Marjorie Jane C. Sistual, for CY2022. She has more than 15 years of internal audit experience. She previously worked in Waterfront Cebu City Hotel & Casino with five chain hotels in various parts of the Philippines. She headed the Corporate Internal Audit Department (CIAD) and focused on fraud and compliance audits. She also joined Moore Stephens Ltd in Singapore for over ten years, where she was involved in internal audit, consultancy, risk management, and SOX engagements. She has experience in various industries, including hotels, shipping, oil and gas, real estate, engineering, semiconductor, manufacturing, insurance, logistics, hospitals, non-profit organization, plantations and mills, trading and distribution, and retailing. Before CLI, she worked at Agusan Plantations, Inc. She was involved in the internal audit of the four operating units of palm oil plantations and mills, mainly for exporting palm kernel oil and crude palm oil products.

The responsibilities of the Chief Audit Executive or the Internal Audit Head are contained and stipulated in the IA Charter. The appointment and removal of the IA Head require the approval of CLI's Audit Committee.

The CLI Board regularly reviews its material controls, including operational, financial, compliance controls, and risk management systems. The CLI Board and its Audit Committee affirm that the Company has adequate internal control and risk management systems.

Whistle-blowing Policy

In keeping with CLI's corporate values and thrust to uphold the highest level of integrity and ethical standards and to encourage a culture of openness and accountability without fear of reprisals, the Company has put in place its policy on whistle-blowing (CLI Whistle-Blowing Policy or the Policy).

CLI's Whistle-blowing Policy provides clear procedures for reporting matters involving actual or suspected misconduct, malpractice, unlawful acts or omissions, and violations of company policies to ensure that the whistle-blower is insulated from any form of retaliation. The Policy strengthens the internal feedback mechanism of CLI and ensures that the Company investigates concerns appropriately and judiciously.

The coverage of CLI's Whistle-blowing Policy applies to all CLI employees, regardless of rank and status, members of the Board of Directors and its various committees, suppliers, contractors, customers, and all other stakeholders, and grants them direct access to a unit created to spearhead the implementation of the Policy, i.e., CLI's Whistle-blowing Committee.

CLI's Whistle-blowing Committee comprises the CEO and the highest-ranking officers from HR, Legal, Internal Audit, and Risk Management.

To ensure confidentiality and provide an avenue for anonymous reporting, CLI created an online form (Whistle-blower Reporting Form) where all stakeholders can lodge their complaints.

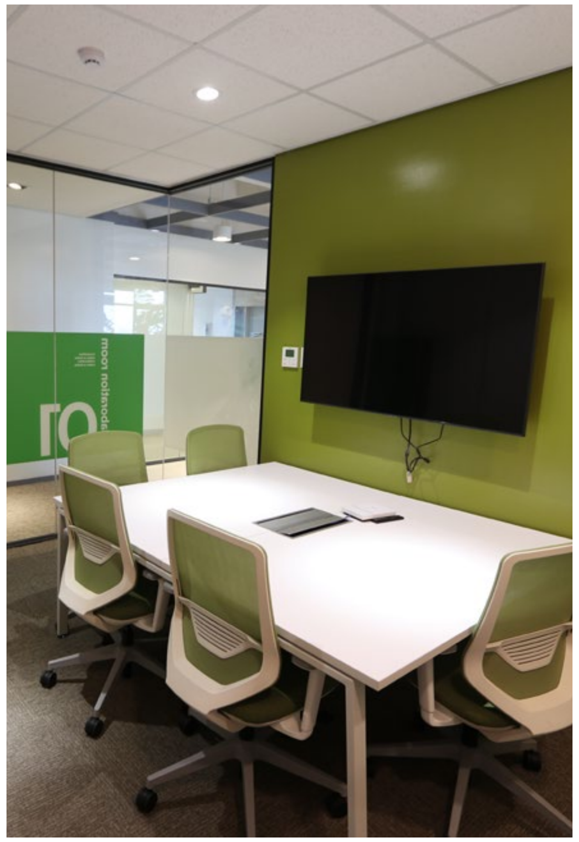
The online Whistle-blower Reporting Form can be accessed and accomplished through the link: https://tinurl.com/cliwhistleblowerforms.

All disclosures and reports made through the above online form shall remain confidential and can only be viewed by the Whistle-blowing Committee. The Committee ensures that the whistle-blower's identity remains confidential unless it is absolutely necessary to disclose their identity to law enforcement or state authorities. In all other instances, the whistle-blower's identity must be disclosed with their consent.

The Whistle-blowing Committee shall determine the sufficiency of the complaints and issues involved. The Whistle-blowing Committee shall conduct an initial assessment before endorsing it to the departments concerned for appropriate action. The Whistle-blowing Committee shall ensure all reports or cases are attended to, documented, and appropriately monitored. Findings, recommendations, and final disposition of claims shall be reported to (a) the CLI Board of Directors - if it involves an executive with a rank of Vice-President and up, CEO, COO, CFO, or (b) CLI Top Management — if it involves person(s) holding any other rank.

CLI's Whistle-blowing Policy also stipulates a provision for Protection from Retaliation. Pursuant to that, CLI shall protect all whistle-blowers from retaliation or retribution, including any forms of discrimination, harassment, intimidation, or adverse personnel action by directors, executives, supervisors, or employees. Anyone who retaliates against a whistle-blower who reports an event in good faith is subjected to appropriate disciplinary action. Members of the Whistle-blowing Committee who are subject of the whistle-blowing complaints are mandated to inhibit from its proceedings, in which case their replacements shall be appointed either by the CLI Board or Top Management, depending on who is involved in the complaint.

CY2022 Board and Committee Membership, Meetings, and Attendance



CLI directors devote sufficient time and attention to effectively and adequately perform their duties and functions. As such, CLI directors attended and actively participated in all Board, Committees, and shareholders meetings in person or through tele-/video conferencing conducted following SEC rules and regulations. Meetings conducted through teleconferencing or videoconferencing are adequately recorded with appropriate tapes, discs, and other recording materials, which are appropriately stored for safekeeping, in addition to the Secretariat of the meeting maintaining written minutes.

Materials for CLI Board and Committee meetings are distributed to directors and committee members before the meeting date. CLI uses the Diligent Board books, which allows each director and committee member to access and review the meeting materials online through a secure portal.

The Company is diligent in keeping with its duties to act responsibly and judiciously. Before deciding on any matter brought to the Board, directors carefully evaluate the issues, make inquiries, request clarification, and apply high ethical standards, taking into account the interest of stakeholders. CLI does not have shareholder agreements, by-law provisions, or other arrangements constraining the directors' ability to vote independently.

The following is a summary of the Board and Committee membership, meetings, and attendance for the calendar year 2022:

BOARD OF DIRECTORS

Jose R. Soberano III *Chairman*	9/9
Ma. Rosario B. Soberano *Member*	9/9
Jose Franco B. Soberano *Member*	9/9
Joanna Marie S. Bergundthal *Member*	9/9
Beauregard Grant L. Cheng *Member*	9/9
Rufino Luis T. Manotok *Lead Independent Director*	9/9
Ma. Aurora D. Geotina-Garcia *Independent Director*	9/9
Ma. Jasmine S. Oporto *Independent Director*	9/9
Stephen A. Tan *Non-Executive Director*	9/9

AUDIT COMMITTEE

Ma. Aurora D. Geotina-Garcia	*Chairperson*	4/4
Rufino Luis T. Manotok	*Member*	4/4
Ma. Jasmine S. Oporto	*Member*	4/4
Stephen A. Tan	*Member*	4/4

CORPORATE GOVERNANCE COMMITTEE

Ma. Jasmine S. Oporto	*Chairperson*	4/4
Rufino Luis T. Manotok	*Member*	4/4
Ma. Aurora D. Geotina-Garcia	*Member*	4/4
Stephen A. Tan	*Member*	4/4

RISK OVERSIGHT COMMITTEE

Ma. Jasmine S. Oporto	*Chairperson*	4/4
Rufino Luis T. Manotok	*Member*	4/4
Ma. Aurora D. Geotina-Garcia	*Member*	4/4
Stephen A. Tan	*Member*	4/4

RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

Rufino Luis T. Manotok	*Chairperson*	4/4
Ma. Jasmine S. Oporto	*Member*	4/4
Ma. Aurora D. Geotina-Garcia	*Member*	4/4
Stephen A. Tan	*Member*	4/4

NOMINATION COMMITTEE

Rufino Luis T. Manotok	*Chairperson*	1/1
Jose R. Soberano III	*Member*	1/1
Ma. Rosario B. Soberano	*Member*	1/1

COMPENSATION AND BENEFITS COMMITTEE

Stephen A. Tan	*Chairperson*	2/2
Ma. Rosario B. Soberano	*Member*	2/2
Joanna Marie S. Bergundthal	*Member*	2/2

Participation of Directors and Key Officers in CY2022 Corporate Governance Training and Seminars

DIRECTORS AND KEY OFFICERS	SEMINAR / TRAINING	DATE	ORGANIZER
Rufino Luis T. Manotok	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
	Raising Session on Institutional Risk Assessment (IRA) and Results of the 2022 Thematic Review on Targeted Financial Sanctions (TFS)	July 20, 2022	Association of Bank Compliance Officers, Inc.
Ma. Aurora D. Geotina-Garcia	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
	Corporate Governance 101 with a Gender Lens	March 18, 2022	Institute of Corporate Directors and Women's Business Council Philippines, Inc.
	Technology Governance for Directors	April 06, 2022	Institute of Corporate Directors
	2022 Integrated Corporate Governance, Risk Management, and Sustainability Summit	October 18, 2022	Ayala Corporation
Atty. Ma. Jasmine S. Oporto	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
	Distinguished Corporate Governance Speaker Series	June 24, 2022	Institute of Corporate Directors
Stephen A. Tan	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Jose R. Soberano III	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Ma. Rosario B. Soberano	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Jose Franco B. Soberano	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Joanna Marie S. Bergundthal	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Beauregard Grant L. Cheng	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Atty. Alan C. Fontanosa (Corporate Secretary)	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Atty. Larri-Nil G. Veloso (Asst. Corporate Secretary)	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
Atty. John Edmar G. Garde (Compliance Officer)	Advanced Corporate Governance Training*	November 24, 2022	Institute of Corporate Directors
	Anti-Money Laundering/ Counter-Terrorism Financing (AML/CTF) Fundamentals Webinar for Covered Persons	January 27, 2022	Anti-Money Laundering Council
	Transfer Pricing Concepts and Documentation Requirements	February 08, 2022	Punongbayan & Araullo
	How to Handle BIR Audit	April 28, 2022	SGV & Co.
	SEC CAN! Webinar	October 14, 2022	Securities and Exchange Commission

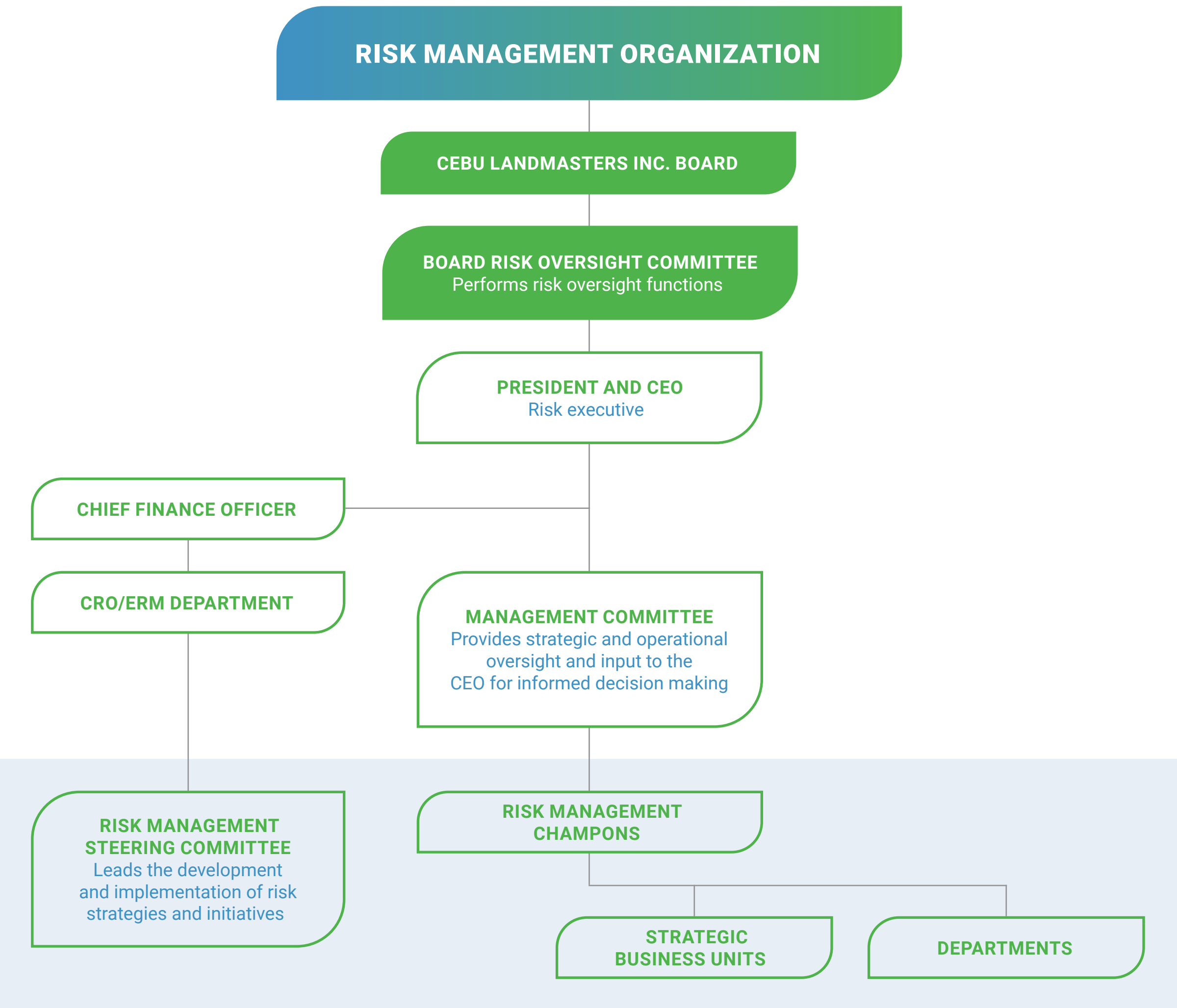
Table footnote in layout: *CLI's first in-house corporate governance training, in partnership with the Institute of Corporate Directors (ICD)

Enterprise Risk Management

Cebu Landmasters endeavors to create a risk-aware culture organization. A strong focus on building the risk management capabilities across the organization is demonstrated by the continual awareness programs executed throughout the year, active participation and support of the executives and top leaders in risk management exercises, inclusion of risk management discussion in various meetings at all levels and the establishment of different working committees to review relevant risks and opportunities on a regular basis. These efforts are directed towards weaving a risk aware culture into the normal business routines, practices, habits, and behaviors of every member of the organization.

Efforts to consistently communicate risk across the organization is a mainstay agenda of the leadership team to effectively engage employees on risk management. For CLI, communication is particularly important as it has multiple project locations and offices across Visayas and Mindanao. These communications not only come from risk leaders but from executive and operational leaders to demonstrate support to building the risk aware culture.

For a consistent approach to knowledge sharing, documented policies, procedures and guidelines are accessible in the company's knowledge portal for all members. The cascade of new and or revised documentation are done through face-to-face orientation or using the social media platform available within the organization. A specific procedure is developed for reporting potential risks with an option for anonymity (for those who don't wish to be identified).



Risk Management Process

The company maintains a Corporate Risk Register that specify the strategic risks of the whole enterprise. This takes into account some operational risks that can be classified as corporate risks based on its impact to the organization. This level of risk register is developed by the Chief Risk Officer (CRO) and undergoes a cross-functional review and vetting by the Risk Steering Committee composed of Management Committee members.

RISK STEERCOM COMMITTEE MEETING

- Review of top risks
- Identification of emerging risks
- Updating of Corporate risk register

QUARTERLY MEETING WITH RISK OVERSIGHT COMMITTEE

- Presentation of Top Risks and Emerging Risk
- Presentation of risk mitigation
- Consultation

BI-ANNUAL REVIEW AND ANNUAL UPDATE OF RISK REGISTER

- Review of risk registers per business unit and per department with the respective Risk Champions
- Corroboration meeting with members of the Risk Steering Committee
- Presentation of Corporate Risk Register to Execom and Risk Oversight Committee

Strategic Business Units (SBU), core departments, and support groups maintain a business operations risk register that specifies the operational risk in their area, ownership of these risks, and the responsibility over the risk mitigation plan. These risk registers are signed off by the department head and the ERM team and are audited by CLI's internal audit team.

The Company maintains a Corporate Risk Register that specifies the strategic risks of the whole enterprise. This considers some operational risks that can be classified as corporate risks based on their impact on the organization. The Chief Risk Officer (CRO) develops this level of risk register. It undergoes a cross-functional review and vetting by the Risk Steering Committee, composed of Management Committee members.

The Risk Steering Committee regularly meets to provide a multi-disciplinary assessment and holistic approach to corporate risks. This exercise allows the organization to break the silos and integrate information from different departments, units, and external stakeholders. This process leads to scenario planning for top risks. Additionally, emerging risks are discussed and deliberated to agree on which risks offer opportunities to grow the business or threats that should be mitigated.

The output of the Steercom discussions is reported to the executive committee by the CRO to prioritize the risks, their treatment, and approval of potential investments or expenses to mitigate the relevant risks. The result will then be presented to the Board Risk Oversight Committee for further comments and inputs. Since changes in economies, regulations, policies, and political and business landscape affect the Company, reviewing current and emerging risks is done annually or as deemed necessary. The ERM team and the Board Risk Oversight Committee meet semi-annually to review and assess CLI's risk profile. Feedback from these meetings is discussed with the Executive Committee, which oversees the enterprise risk management.

COVID-19 Threats and Opportunities

COVID-19 is one of the most significant environmental experiments of the real estate business. At its height, the uncertain developments led Cebu Landmasters Inc. to reassess its priorities and adjust its business operations while still striving to meet stakeholder expectations. The silver lining is that, in 2022, vaccines became accessible and available to the general public, loosening restrictions and allowing businesses to gradually reopen with a new sense of security.

Amidst the lingering uncertainties and anxiety brought on by the pandemic, one of the opportunity risks optimized by Cebu Landmasters is the rising housing demand. As more Filipinos become more knowledgeable and wiser about where to invest their hard-earned money, the real estate business is on the brighter side. Backed by studies and economic projections, CLI took the opportunity to launch housing projects aligned with the market demand. As predicted by analysts, the Visayas and Mindanao area showed increased take-ups in condominiums and houses, and lots at 70% and 30%, respectively, in the first half of 2022. The number was expected to increase even more in the second half of the same year.

With the apparent demand for housing, CLI identified its top risks that goes along with the opportunity. The disruption of the supply chain, the fundamental changes in the business process triggered by the pandemic, and the adoption of new ways of reaching out to customers are among the primary considerations to rethink its operations, profitability, and sustainability. Heightened appreciation of enterprise risk management continuously breaks the silos and integrates vital information into crucial management discussions and decisions.

Typhoon Odette 2022 Impacts

The effects of Typhoon Rai (Odette), which hit Cebu and other parts of Visayas and Mindanao on December 16, 2021, lingered until the second half of 2022. To secure the health and safety of the Cebu Landmasters Inc communities, the Company ensured that homes with residents were prioritized for repairs and safe water was available. Close collaboration with relevant government agencies and energy distribution firms ensured these communities could return to their normal day-to-day activities in due time.

The lessons learned from the typhoon strengthened the Disaster Risk Management and Recovery Committees to ensure that planning for these natural disasters is more stringent. Scenario planning training, tabletop exercises, and workshops were conducted for all members of these committees to ensure that all known possibilities were covered.

Process Innovation and Digitalization Opportunities

CLI digitalized its major processes to reduce operational costs, optimize operations, improve performance and productivity, and enhance customer service. Process digitalization can also help reduce carbon emissions. One of the processes focused on was Property Management to address the needs of 10,763 unit owners in 14 condo corporations and 11 homeowners associations across vertical and horizontal properties.

Efforts at digitalization aim to address the need to track property maintenance activities, utility resource consumption, collection efficiency, billing payment notification, owner or tenant profile, facilities monitoring, repairs and concerns status, and online community billboard as a regular communication tool.

Part of the solution was to create an app for the process that included a real-time dashboard on property and equipment status, a single cloud-based database for document storage, seamless multi-site monitoring, unit-owner and tenant management, instant report and billing generation, automated preventive and corrective maintenance scheduling and monitoring, real-time utility management and management of in-house staff and third-party vendors, among others.

Top Risks in 2022

The company maintains a Corporate Risk Register that specify the strategic risks of the whole enterprise. This takes into account some operational risks that can be classified as corporate risks based on its impact to the organization. This level of risk register is developed by the Chief Risk Officer (CRO) and undergoes a cross-functional review and vetting by the Risk Steering Committee composed of Management Committee members.

RISKS	MITIGATING MEASURES
UNFAVORABLE MARKET CHANGES While the country's economy rebounded in 2022 from the unfavorable effects of COVID-19, it affected consumers' spending attitudes and behavior. With the reopening of the economy, spending started to rise, but the population was holding on to their financial resources and were wary of their expenditures. This behavior extends to decisions on property payments through bank financing or other modes of payments for high-value properties.	• New projects: Set buyer's pre-qualification requirements to reduce future cancellations • Enhanced the account cancellation process and criteria to improve the turnaround time of buyer's response and action • Coordination with financing institutions for favorable rates, promos, and payment arrangements with buyers
PERMITS AND LICENSES The lockdowns implemented since the COVID-19 pandemic disrupted private and public organizations. 2022 was the catch-up year, especially for relevant government agencies processing permits, licenses, and other regulatory requirements. The observed delays in acquiring the necessary regulatory documents affected CLI's project schedules.	• Adjustment of project schedules for a more realistic delivery of commitments • Assessment of project activities and identification of the project's critical path to ensure that critical items are delivered within the threshold • Assigned a focus group to attend to the specific project's permits and licenses requirements • Keeping the project team abreast of the relevant trends and updates on government processing and timelines
PROJECT EXECUTION AND PROJECT DELIVERY RISK Issues on supply chain disruption, staffing scarcity, inflation, and rising construction material costs remained in 2022, resulting in a slowdown of project execution on certain project phases. Moreover, government offices were challenged by the number of backlogs from the pandemic. The combination of these challenges increased the risk of project execution and delivery.	• Enhancing the project schedule process to reflect a more realistic timeline for vital project elements • Implementing catch-up plans and VAVE (Value Analysis and Value Engineering) initiatives for more cost-effective and efficient construction operations. • Enhancing procurement processes to arrest the rising construction material costs • Strengthening the Cross Functional Teams (CFT) involved in the project delivery for enhanced internal and external communications • Continual training for employees
ENVIRONMENTAL CALAMITIES (TYPHOONS, EARTHQUAKE, FIRE, ETC.) The country's location makes it very susceptible to environmental calamities that can disrupt business operations, damage properties, and affect the communities where the Company operates. **HEALTH & SAFETY ISSUES (ACCIDENTS, INJURIES, ETC.)** Due to the construction activities, health and safety risks are inherent in the real estate business. Risks can range from minor to severe injuries, disrupting operations and affecting project timelines.	• CLI organized different teams, such as Disaster Risk Management Team and Emergency and Incident Response Team, in locations where CLI has business operations. • Embedding health and safety measures during project inception and continuing to monitor them throughout the entire business process – from business development to construction activities up to project turnover. • Ensure compliance with Occupational Safety and Health Administration (OSHA). CLI's health and safety officer's close collaboration with contractors and suppliers ensures that the health and safety protocols are followed and reviewed periodically. • Training and documentation on incident response: Established processes on proper workplace safety and trained employees to perform first aid and early incident response to limit damage and injury. • Drills: organize, facilitate, and participate in fire and earthquake drills for company-initiated or general locators' schedules.

FINANCIAL RISK
The economic activities restarted in 2022, and recovery was on its way. However, inflation and supply chain disruption remained top risks to the real estate business. Liquidity risks are on the watch as operating cash flows are affected by these two critical factors. The Company must ensure a strong balance sheet to fund ongoing and new projects.
	• Enhancing strategies to financial management by:
	  ◦ Close collaboration with partner financial institutions for timely access to short-term and long-term funding with mutually beneficial terms and conditions; and
	  ◦ Establishing a program for the new sales and account receivables
	• Limiting the exposure to refinancing and interest rate risks by effective management of a mix of short- and long-term, fixed and floating rates
	• Continuous monitoring of planned and contingent expenditures to complete committed projects

DATA INTEGRITY AND ACCURACY / IT SYSTEMS RISKS CLI's transition from semi-manual data safekeeping to increased reliance on technology platforms gave rise to a high risk of data accuracy during data migration, at the same time, heightened the exposure to cyberattacks that can compromise its data security and accuracy.	• Continuous enhancement of IT systems to prevent all known potential attacks • Implementation of IT security policies, guidelines, and protocols • Training of IT teams in data security risks and how to prevent breaches • Scheduled IT maintenance in all locations • Awareness programs for all employees on information security management and data • privacy compliance

REGULATORY RISK
Any change in rules and regulations on real estate affects the development of new projects and operations. It is imperative that the Company continuously monitors and proactively makes the necessary preparations and adjustments to ensure compliance with these changes, lessen the delays in project activities and avoid penalties that might be imposed.
	• Maintain a list of laws and regulations applicable to the business and ensure that:
	  ◦ Cascade and train concerned leaders and members of concerned departments
	  ◦ Integrate compliance with departments' processes and guidelines
	  ◦ Conduct an internal audit for compliance with the applicable laws and regulations
	• Partner with government agencies to proactively prepare for any changes and update
	• Discussion of any potential change in laws and regulations with the project's cross-functional-team to ensure that the impact of the changes is considered in the timeliness and actual delivery

ORGANIZATIONAL RISK The acknowledged risk of talent war and attrition is one of the risks that CLI is focusing on. With the business moving fast, the organization needs to hire more talent that suits its needs and operational requirements. Attrition due to poaching and opportunities abroad are concerns that need creative initiatives.	• Continual training for personal and professional development • Providing avenues for employee work-life balance (i.e., establishing clubs that promote health and wellness) • Encouraging regular department meetings to enhance team camaraderie • Development of a Succession Plan Policy and Guidelines • Regular market scan for salary and benefits updates (with similar industry)
PARTNERSHIPS AND ALLIANCES Challenges faced by contractors and suppliers of goods and services could lead to failure in delivering the Company's commitments to its investors and end customers.	• Providing financial or special arrangements to financially challenged contractors and suppliers • Regular meetings to enhance communication flow and coordination • Implementing Supplier Accreditation and Performance Evaluation Process • Widening of supplier and contractor networks

APPENDICES

2022 STAKEHOLDER ENGAGEMENT

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
CUSTOMERS: Sellers / Buyers	Virtual / Digital Channels: Facebook pages Online Reservation Process Group Chats Buy-A-Home microsite to provide sales partners quick access to new project inventories and promotions; Masters Portal application for homeowners to track their payment status and to get CLI construction updates and promos; and Facebook chatbot for 24/7 response to general inquiries. Online Reservation Process CLI Elite Circle: Buyers' Rewards & Loyalty Program Online Homefest Flagship Sales Office Opening & New Features: Digital / Queuing System, Ticketing General Queries Counter, Interactive screens Virtual Launches/ Events Virtual Turn over Experience Dedicated Hotline and Email Addresses	Safety and ease in the conduct of sales transactions; strict compliance with pandemic-related protocols Safety features of products Product differentiation across brands that has impact on pricing Time- bound response to inquiries Time-bound issuance of commissions and resolution of other concerns (sellers) Ease in entering building premises for unit viewing (sellers) Accuracy and timeliness of customer's records (SOA, BS and Receipts) provided within an acceptable turnaround time Timeliness in release of Transfer Certificate of Titles (TCTs), Tax Declarations and other documents	Continuing rewards/ loyalty incentives Full automation of IT systems in order to provide real-time status of customers' accounts	Promotional offers, and various payment terms and discounts Customer feedback is captured through the following channels: Online platforms: sellers' portals, chat groups, email blasts, social media sites, customer care, exhibits, site trips, online turn over; dedicated hotline and email addresses Online Homefest Flagship sales office opening & new Features: Digital/queuing system, Ticketing general queries counter, interactive screens Product knowledge seminars CLI Elite Circle: Buyers' Rewards & Loyalty Program On-time issuance of commissions for sellers Improving seller competency through seminar series Enhanced billing statements and reports Auto-notification on Payment Reminders and Missed Payments

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
CUSTOMERS: End users of products: Home Owners Associations / Condominium Corporations	Annual General Meetings Town Hall Meetings Board meetings, unit inspections Virtual / Digital Channels: Facebook pages Group Chats Trainings/Seminars/ Learning Sessions	Ease in transacting payments (monthly dues) Efficiency of utilities / water & power supply Warranty service requests	Upkeep and maintenance of property Security, safety and emergency response Digital transformation Other payment platforms - gcash, BPI billers Community Culture Development and Community Development Activities (fiesta, Halloween, Christmas, Sports Leagues, etc)	Regular engagement with HOAs through GMMs and Town Hall Meetings Time-bound response to concerns / complaints Time-bound issuance of billing statements and other documents Creation of Committees Issuance of circular and community updates Process digitalization on vertical projects (residential towers) implemented Ongoing of process digitalization for horizontal projects (phase 1)
CUSTOMERS: Office and Retail space lessees/ end users of leased products	Virtual/digital channels: Facebook page	On-time completion of construction of leasing products On-time turnover of office / retail space (for fit out) Time- bound response to inquiries, complaints and release of billings (utilities and monthly charges) Safety Reliable maintenance of utilities (i.e. water and electricity)	Disaster readiness and response Future partnerships and collaboration	Regular coordination and gathering of feedback through CLI Property Management
JV PARTNERS	Formal and casual meetings; project site visits Emails	Return on Investment	Development Timelines	Completeness in finance updates during board meetings

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
CUSTOMERS: End users of products: Home Owners Associations / Condominium Corporations	Annual General Meetings Town Hall Meetings Board meetings, unit inspections Virtual / Digital Channels: Facebook pages Group Chats Trainings/Seminars/ Learning Sessions	Ease in transacting payments (monthly dues) Efficiency of utilities / water & power supply Warranty service requests	Upkeep and maintenance of property Security, safety and emergency response Digital transformation Other payment platforms - gcash, BPI billers Community Culture Development and Community Development Activities (fiesta, Halloween, Christmas, Sports Leagues, etc)	Regular engagement with HOAs through GMMs and Town Hall Meetings Time-bound response to concerns / complaints Time-bound issuance of billing statements and other documents Creation of Committees Issuance of circular and community updates Process digitalization on vertical projects (residential towers) implemented Ongoing of process digitalization for horizontal projects (phase 1)
REGULATORS: SEC, PSE, BIR, DHSUD, AMLC (among other government agencies and regulators) **Compliance with regulatory requirements and serve as trusted partner to assure all stakeholders of CLI's exemplary corporate governance**	Inquiries and correspondence by and between CLI and the various government regulators, whether in person (meetings; dialogues) or in writing (e-mails; formal letter correspondence). Discussions and coordination with IPA regulators for registration of projects and availment of fiscal and non-fiscal incentives. Attendance and participation in government-initiated training sessions. Submission of reports, disclosures and other documentary requirements. Visits to government offices for submission of compliance requirements. Payment of taxes, business permits and licenses, Property visits for inspection by government officers.	Integrity and accuracy of documentary submissions, reports, and disclosures. Submission of reportorial requirements within the deadline and through the proper modes or channels set by the regulators (various government portals; e-mails; hard copy submissions). Coordination and cooperation with the government regulators in case of inquiries or conduct of government audits. Compliance with all relevant laws and regulations.	Beyond compliance on economic, social and environmental regulations/ disclosure requirements Continuing support and involvement of the private sector in government-initiated programs for the community particularly those that address the needs of the bottom-of-the-pyramid segment of society	Proactive and extensive monitoring, review, evaluation, and compliance with all the relevant laws, rules and regulations, and government issuances of regulatory agencies CLI, its directors and key officers continue to keep themselves abreast of relevant laws, regulations, and industry developments. In keeping thereto, CLI adheres to its training policy and program, including the attendance of directors and key officers in annual corporate governance training. CLI ensures the proper review and evaluation of information and documents before submission to regulators. CLI ensures the faithful, transparent, and timely submission of disclosures and reports to the appropriate government regulators. Close coordination and cooperation with the regulators, ensuring open lines of communication, and timeliness in responding to their request for documents and information. CLI emphasizes that it will continue to be an exemplary corporate citizen and trusted partner of the government and the society in general. Prompt and accurate payment of taxes and regulatory fees

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
LGUs and local communities as partners in socialized housing development and community development programs	Partnerships/ co-sponsored events, and regular reviews; neighboring communities as program partners and/or beneficiaries to the company's social development programs. Continuing pandemic and disaster response in 2022 Public hearing / consultations Community needs assessment Program partnerships on environment, employment, education, capacity building, arts and culture Meetings / site visits	Collaboration with the private sector on social and environmental programs for the community particularly beneficiaries of CLI's socialized housing projects Raising public awareness on relevant environmental and socio-economic issues Local employment Increase in barangay income through barangay permits	More job opportunities for the constituents and local residents. Livelihood programs for the women organizations in the community Partnerships and collaboration on environmental programs Guidance on socialized housing design development, social preparation, human settlement administration and property management Venue for civic interaction Increase in barangay income	Close coordination with LGU on program partnership implementation Provision of integrated support systems including infrastructure enhancements and upgrades (roads, drainage systems), community facilities, community engagement sessions Attendance and active participation in LGU-organized meetings and conferences Lending expertise through work sessions on socialized housing development and management
LOCAL COMMUNITIES: host, partner or neighboring barangays	Community organizing activities and needs assessment Project orientations Consultations Program partnerships on environment, employment, education, livelihood	Local employment Concerns on access Livelihood programs Environmental programs Skills training program Supporting small business start-ups in the locality	Program partnerships Guidance on social preparation and property management Implementation of community programs on education, emergency and disaster readiness, livelihood and social preparation for beneficiaries of socialized mid-rise project turned over to LGU	Community engagement/ clarificatory meetings and consultations with various sectors e.g fisherfolks, farmers, women's organizations Provision / repairs of roads and drainage system Partnerships with LGUs on various community programs that address community needs Local employment prioritization
INDIVIDUAL / INSTITUTIONAL SHAREHOLDER/ INVESTORS **Protect the interests of shareholders by increasing shareholder value; continue our position as an excellent investment vehicle**	Shareholder inquiries and updates through PSE EDGE filings for real time disclosures, "Maestro" newsletter for monthly updates, investor engagements through one-on-one meetings, non-deal local and international roadshows, report of company performance through quarterly analyst briefings, stockholders' meetings and annual reports	Knowledge on company financial and operational performance and updates Increased investment opportunities Future returns	Financial and operational performance and updates Market price appreciation Dividends ESG performance CLI's sustainability commitment and management approach	Transparency in performance updates and future plans Ensuring sustainable company growth and expansion Growing shareholder value Declaration of dividends Communication of Environmental, Social and Governance (ESG) / sustainability performance

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
EMPLOYEES: (direct CLI hires) CLI's important resource to achieve the Company's goals	Townhall meetings, Training programs Employee engagement activities Gender-targeted programs Employee volunteer program Email blasts Workplace posts / chats	Adequate compensation and benefits, Health and Well-being programs HMO benefits package upgrade Training and organizational development Flexible work arrangements	Wellness and work-life balance Personal and corporate sustainability Better workplace conditions More spaces for collaboration and interaction Age-targeted programs Retirement readiness plans	Benefits upgrade Pay increase Wellness program (Hilig Clubs) Training and organizational development programs Health and safety programs Formation of various cross-functional committees in the areas of disaster management, occupational health and safety: hazard identification, emergency response and basic life skills training Continuing learning and work sessions on sustainability themes and topics
EMPLOYEES: Indirect hires (employees of contractors)	Assistance of construction workforce through contractors during the pandemic	Safety and minimal exposure at the height of the pandemic	Continuing response/ assistance in cases of disasters	Assistance to workers and their families during the pandemic; resources allocated for stay-in workers
SUPPLIERS AND CONTRACTORS	Supplier/Contractor accreditation process, bidding & negotiation, selection & awarding, delivery & execution, and billing process	Suppliers: Timely release of payments as per agreed terms Better payment terms Contractors: Concern on cash flow vis a vis schedule of payments Continuing employment Health and safety Proper timing of award of prerequisite contracts	Suppliers: Equality and fair bidding process Equal opportunities for local contractors Identify and develop sustainable water sources Resource conservation	Enhancement on the billing process Enhancement of supplier /contractor selection and evaluation process Award interdependent contracts on time
MEDIA PARTNERS **Means of Promoting CLI's brand, image and reputation**	Conduct of press conferences Corporate briefings Interviews with top executives Advertorials	Sufficient information about CLI's credibility, projects and brands Availability of company representatives for interview Usefulness of information shared Open communication lines	Disclosures Publicity Advertisement Announcements Issues-handling	Seeding of press releases / Media briefings / regular updates on new projects and developments

Environment Data Summary

NON-RENEWABLE MATERIALS USED

YEAR	MATERIALS	CONTRACTOR SUPPLIED	OWNER SUPPLIED	TOTAL	VARIANCE
2020	Sand (cu.m)	NOT RECORDED	NA	0.00	NA
	Gravel (cu.m)	NOT RECORDED	NA	0.00	NA
	Cement (cu.m)	NOT RECORDED	29,530,080	29,530,080.00	NA
	Rebars (kg)	NOT RECORDED	7,317,105	7,317,105.00	NA
	Glass (sq.m)	NOT RECORDED	NA	0.00	NA
2021	Sand (cu.m)	54,210,173.00	NA	54,210,173.00	NA
	Gravel (cu.m)	38,913,266.00	NA	38,913,266.00	NA
	Cement (cu.m)	56,691,158.47	96,201,820	152,892,978.47	▲417.75%
	Rebars (kg)	62,378,652.15	10,453,282	72,831,934.15	▲895.37%
	Glass (sq.m)	38,450.00	NA	38,450.00	NA
2022	Sand (cu.m)	2,070,759.46	NA	2,070,759.46	-▼96.18%
	Gravel (cu.m)	2,155,468.65	NA	2,155,468.65	-▼94.46%
	Cement (cu.m)	42,554,685.36	98,399,840	140,954,525.36	-▼7.81%
	Rebars (kg)	16,437,183.91	31,517,780	47,954,963.91	-▼34.16%
	Glass (sq.m)	93,274.00	NA	93,274.00	142.59%

DIRECT AND INDIRECT ENERGY CONSUMPTION

Summary of total direct and indirect energy consumption

*Disclosure: total energy consumption within the organization, in GJ**

ENERGY CONSUMED	ACTIVITY SOURCE	2021	2022	% VARIANCE
1. Direct energy	Use of fuel for employee shuttle service and company-owned vehicles	209.02	1,273.35	509.20%
	Use of fuel for other vehicles used for official business trips	1,456.95	453.18	-68.90%
	Use of fuel for generator sets			
	Managed properties	4,043.57	264.13	-93.47%
	Construction sites	43,111.54	96,655.90	124.20%
	Sub-total	48,821.08	↑98,646.56	▲102.06%
2. Indirect Energy	Power consumption			
	Corporate Offices	1,681.06	1,992.38	18.52%
	Managed Properties – Common areas	9,035.62	10,612.92	17.46%
	Construction Sites	8,471.65	11,497.61	35.72%
	Sub-total	19,188.33	24,102.91	▲25.61%
Total Energy Consumption		**68,009.41**	**↑122,749.48**	**▲80.49%**

SUMMARY OF DIRECT ENERGY CONSUMPTION: FUEL USED FOR TRANSPORTATION AND GENERATOR SETS

CORPORATE AND BRANCH OFFICES

MATERIALS	CONSUMPTION IN LITERS	GJ	NO. OF OFFICES
Fuel used for employee shuttle service and company-owned vehicles (Diesel)	23,331.81	900.61	5/5
Fuel used for employee shuttle service and company-owned vehicles (Gasoline)	10,150.41	347.14	3/3
Fuel used for other vehicles used for official business trips (Diesel)	7,221.92	278.77	1/1
Fuel used for other vehicles used for official business trips (Gasoline)	5,099.77	174.41	1/1
Total	**45,803.91**	**1,700.93**	

MANAGED PROPERTIES

MATERIALS	CONSUMPTION IN LITERS	GJ	NO. OF PROPERTIES
Fuel used for Gensets (Diesel)	6,842.74	264.13	18/18
Fuel used for employee shuttle service and company-owned vehicles (Diesel)	663.09	25.60	
Total	**7,505.83**	**289.73**	

CONSTRUCTION SITES

MATERIALS	CONSUMPTION IN LITERS	GJ	NO. OF PROJECTS
Gasoline	196,242.26	6,711.49	22/38
Diesel	2,330,166.25	89,944.42	27/38
Total	**2,526,408.51**	**96,655.90**	**30/35**

DIRECT ENERGY CONSUMPTION OF CORPORATE AND BRANCH OFFICES

*Disclosure: total energy consumption within the organization, in GJ**											
Direct Energy Consumption	In liters*							In GJ**			
	2019	2020	% change	2021	% change	2022	% change	2019	2020	2021	2022
Fuel used for employee shuttle service and company-owned vehicles	1,775.08	6,325.17	256.33%	6,234.45	-1.43%	33,482.22	437.05%	64.61	230.24	226.93	1,247.75
Fuel used for other vehicles used for official business trips	26,841.72	37,092.63	38.19%	43,457.78	17.16%	12,321.69	-71.65%	977.04	1,350.17	1,581.86	453.18
Total	**28,616.80**	**↑43,417.79**	**▲51.72%**	**↑49,692.23**	**▲14.45%**	**↓45,803.91**	**-▼7.82%**	**1,041.65**	**↑1,580.41**	↑1,808.80	↓1,700.93

1.) For the conversion of liters of diesel to GJ, the energy content of diesel (38.6 MJ/L) is a commonly used value based on the lower heating value of diesel.
2.) To convert liters of gasoline (also known as unleaded petrol) to Gigajoules (GJ), we need to know the energy content of gasoline. The energy content of gasoline varies depending on the octane rating and other factors, but a commonly used value is 34.2 Megajoules (MJ) per liter of gasoline.This values can be found in various sources, such as the European Commission's Joint Research Centre (JRC) reference report "Fuels for heating and power generation - Technical Report", which is available at the following link: https://ec.europa.eu/jrc/en/publication/fuels-heating-and-power-generation-technical-report.

DIRECT ENERGY CONSUMPTION OF MANAGED PROPERTIES

*PM Energy data YoY

	2021	*2022*	*Variance (%)*
Properties/Type	Genset Fuel Consumption (Diesel) in Liters	Genset Fuel Consumption (Diesel) in Liters	Genset Fuel Consumption (Diesel) in Liters, % variance
Horizontal	**5,042.00**	**258.00**	**-95%**
Casa Mira Coast*	NA	0.00	0%
Casa Mira Linao	792.00	0.00	-100%
Casa Mira South	729.00	36.00	-95%
Midori Plains	668.00	36.00	-95%
SJV Balamban	108.00	54.00	-50%
SJV Minglanilla	648.00	36.00	-94%
SJV Talisay	351.00	30.00	-91%
SJV Toledo	513.00	30.00	-94%
Velmiro Heights	1,233.00	36.00	-97%
Villa Casita North	0.00	0.00	0%
Vertical	**115,924.20**	**6,584.74**	**-94%**
38 Park Avenue*	NA	0.00	0%
Asia Premiere Residences	9,952.00	192.00	-98%
Base Line Center	38,875.00	1,005.00	-97%
Base Line Residences	480.00	120.00	-75%
Casa Mira Towers Labangon	5,816.46	2,092.10	-64%
Latitude Corp Center	10,350.28	1,800.00	-83%
Mesatierra	200.00	240.00	20%
Mesaverte	2,000.00	181.00	-91%
Mesavirre*	NA	0.00	0%
Midori Residences	6,674.00	72.61	-99%
Mivesa Garden Residences	23,574.46	694.83	-97%
Park Centrale	18,002.00	187.20	-99%
GRAND TOTAL	**120,966.20**	**6,842.74**	**▼94.34%**

DIRECT ENERGY CONSUMPTION OF CONSTRUCTION SITES

	2021	*2022*
Properties/Province	Direct Energy or Fuel (Gas/Diesel in liters)	Direct Energy or Fuel (Gas/Diesel in liters)
Bohol	**33,582.00**	**8,666.00**
Velmiro Greens Bohol	33,582.00	8,666.00
Cebu	**476,016.00**	**1,513,574.51**
38 Park	19,569.00	13,526.53
Abaca Resort Mactan	15,000.00	105,335.78
Astra Centre	23,229.00	10,453.00
Banilad High Street	3,357.00	23,600.92
Baseline Center Prestige	4,066.00	0.00
Casa Mira Linao Ph3	50,180.00	4,242.00
Casa Mira South (ph3a, 3b, 4a, 4b)	157,674.00	124,080.00
Casa Mira Towers Guadalupe	7,200.00	0.00
Casa Mira Towers Mandaue	75,543.00	58,945.17
Costa Mira Beachtown*	NA	16,508.00
Lorega Tenement Housing	3,805.00	66,450.00
Magspeak Nature Park	68,000.00	199,800.00
Mandtra Residences	2,070.00	100,610.77
Masters Tower	40,083.00	132,577.00
Mivela Garden Residences	No data	55,527.34
Patria de Cebu	2,555.00	601,678.00
Velmiro Heights Minglanilla	3,685.00	240.00
Davao del Sur	277,856.00	373,999.00
Casa Mira Towers Davao (LPU)	181,200.00	87,440.00
DGT	89,122.00	189,114.00
Mesatierra Garden Residences	7,534.00	0.00
Paragon Davao	No data	97,445.00
Iloilo	197,711.00	106,106.00
Casa Mira Iloilo	157,850.00	106,106.00
Terranza Residences	39,861.00	0.00
Leyte	78,300.00	72,121.00
Casa Mira Homes Ormoc	78,300.00	72,121.00
Misamis Oriental	33,355.00	92,740.00
Casa Mira Towers CDO	33,355.00	92,740.00
Negros Occidental	179,586.00	297,762.00
Casa Mira Bacolod	83,440.00	114,780.00
Casa Mira Towers Bacolod*	NA	44,353.00
Citadines Bacolod	No data	18,869.00
Mesavirre Garden Residences	No data	0.00
Velmiro Plains Bacolod	96,146.00	119,760.00
Negros Oriental	0.00	61,440.00
Casa Mira Homes Dumaguete	No data	61,440.00
GRAND TOTAL	**1,198,106.00**	**2,526,408.51**

DIRECT ENERGY CONSUMPTION OF CEBU CONSTRUCTION SITES

Cebu Construction Projects	Sum of Direct Energy or Fuel (Gas in liters)	Sum of Direct Energy or Fuel (Diesel in liters)
38 Park	0.00	13,526.53
Abaca Resort Mactan	0.00	105,335.78
Astra Centre	607.00	9,846.00
Banilad High Street	9,169.16	14,431.76
Casa Mira Bacolod	0.00	114,780.00
Casa Mira Homes Dumaguete	1,440.00	60,000.00
Casa Mira Homes Ormoc	0.00	72,121.00
Casa Mira Iloilo	556.00	105,550.00
Casa Mira Linao Ph3	230.00	4,012.00
Casa Mira South (ph3a, 3b, 4a, 4b)	4,080.00	120,000.00
Casa Mira Towers Bacolod	0.00	44,353.00
Casa Mira Towers CDO	0.00	92,740.00
Casa Mira Towers Davao	41,440.00	46,000.00
Casa Mira Towers Mandaue	3,608.00	55,337.17
Citadines Bacolod	0.00	18,869.00
Costa Mira Beachtown	0.00	16,508.00
DGT	11,054.00	178,060.00
Lorega Tenement Housing	0.00	66,450.00
Magspeak Nature Park	4,000.00	195,800.00
Mandtra Residences	1,644.22	98,966.55
Masters Tower	236.00	132,341.00
Mivela Garden Residences	16,798.88	38,728.46
Paragon Davao	97,445.00	0.00
Patria de Cebu	2,448.00	599,230.00
Velmiro Greens Bohol	1,486.00	7,180.00
Velmiro Heights Minglanilla	0.00	240.00
Velmiro Plains Bacolod	0.00	119,760.00
GRAND TOTAL	**196,242.26**	**2,330,166.25**

SUMMARY OF INDIRECT ENERGY CONSUMPTION

CORPORATE AND BRANCH OFFICES			
	CONSUMPTION IN KWH	CONSUMPTION IN MWH	NO. OF OFFICES
Purchased electricity - Luzon/Visayas grid	494,614.83	494.61	7/7
Purchased electricity - Mindanao grid	91,988.00	91.99	2/2
Total	**586,602.83**	**586.60**	
MANAGED PROPERTIES			
	CONSUMPTION IN KWH	CONSUMPTION IN MWH	NO. OF PROPERTIES
Purchased electricity - Luzon/Visayas grid	2,445,203.54	2,445.20	19/20
Purchased electricity - Mindanao grid	526,302.15	526.30	2/2
Total	**2,971,505.69**	**2,971.51**	
CONSTRUCTION SITES			
	CONSUMPTION IN KWH	CONSUMPTION IN MWH	NO. OF PROJECTS
Purchased electricity - Luzon/Visayas grid	1,670,752.76	1,670.75	26/29
Purchased electricity - Mindanao grid	1,523,027.30	1,523.03	7/7
Total	**3,193,780.06**	**3,193.78**	**33/36**
OTHER ACTIVITIES			
	CONSUMPTION IN KWH	CONSUMPTION IN MWH	NO. OF OFFICES
Purchased electricity - Luzon/Visayas grid	385,367.00	385.37	19/20
Total	**385,367.00**	**385.37**	

INDIRECT ENERGY CONSUMPTION OF MANAGED PROPERTIES (END-USERS/TENANTS/UNIT OCCUPANTS)

CORPORATE AND BRANCH OFFICES			
	CONSUMPTION IN KWH	CONSUMPTION IN MWH	NO. OF PROPERTIES
Purchased electricity - Luzon/Visayas grid	9,213,193.61	9,213.19	9/9
Purchased electricity - Mindanao grid	767,132.25	767.13	2/2
Total	**9,980,325.86**	**9,980.33**	

INDIRECT ENERGY CONSUMPTION OF CORPORATE AND BRANCH OFFICES

Disclosure: Energy Consumption within the Organization – Electricity consumption at Corporate/Satellite Offices and Showrooms						
Indirect Energy Consumption	IN KWH*			IN GJ**		
	2019	*2020*	*2022*	*2020*	*2021*	*2022*
Total	**269,439.30**	**↓260,724.50**	**↑586,602.83**	938.58	1,681.06	2,111.77
	2 offices	4 offices	10 offices			

Scope and Percentage Breakdown: Electricity consumption at Corporate/Satellite Offices and Showrooms, in KWh					
Offices/Year	2019	2020	2021	2022	% change
Cebu Offices	268,707.00	184,790.50	321,683.50	382,530.00	18.92%
Davao Main – Paragon	N/A	22,965.00	33,044.60	33,164.00	0.36%
Davao Main – MesaTierra	N/A	N/A	33,658.91	33,714.00	0.16%
38 Park Avenue Showroom	N/A	46,128.00	59,406.00	35,046.00	-41.01%
Dumaguete Satellite Office	732.3	6,841.00	9,394.98	16,711.50	77.88%
Ormoc Satellite Office	N/A	Not recorded	4,761.00	5,689.00	19.49%
Bohol Sales Office	N/A	Not recorded	5,026.00	5,039.33	0.27%
Casa Mira Iloilo*	N/A	N/A	N/A	24,810.00	-
Mesavirre*	N/A	N/A	N/A	24,789.00	-
Mesaverte*	N/A	N/A	N/A	25,110.00	-
Total	**269,439.30**	**↓260,724.50**	**↑466,974.99**	**↑586,602.83**	**▲25.62%**

INDIRECT ENERGY CONSUMPTION OF MANAGED PROPERTIES (COMMON AREAS)

**PM Energy data YoY*	*2021*	*2022*	*Variance (%)*
Properties/Type	Common Area consumption kWh	Common Area consumption kWh	Common Area consumption kWh, % variance
Horizontal	**145,328.69**	**142,815.00**	**-1.73%**
Casa Mira Coast*	NA	6,242.00	0%
Casa Mira Linao	44,848.06	14,126.00	-69%
Casa Mira South	No data	42,607.00	0%
Midori Plains	24,954.09	20,841.00	-16%
SJV Balamban	1,380.00	3,030.00	120%
SJV Minglanilla	No data	490.00	0%
SJV Talisay	3,544.36	0.00	-100%
SJV Toledo	33,829.09	6,638.00	-80%
Velmiro Heights	33,829.09	33,851.00	0%
Villa Casita North	2,944.00	14,990.00	409%
Vertical	**2,364,575.77**	**2,828,690.69**	**20%**
38 Park Avenue*	NA	1,916.00	0%
Asia Premiere Residences	58,776.00	61,111.00	4%
Base Line Center	723,894.75	709,253.62	-2%
Base Line Residences	85,348.00	96,092.00	13%
Casa Mira Towers Labangon	286,096.51	343,850.00	20%
Latitude Corp Center	207,628.82	322,573.80	55%
Mesatierra	115,117.08	281,309.15	144%
Mesaverte	247,896.33	244,993.00	-1%
Mesavirre*	NA	23,471.00	0%
Midori Residences	118,521.05	50,445.00	-57%
Mivesa Garden Residences	272,628.03	423,766.00	55%
Park Centrale	248,669.20	269,910.12	9%
GRAND TOTAL	**2,509,904.46**	**2,971,505.69**	**▲18.39%**

INDIRECT ENERGY CONSUMPTION OF MANAGED PROPERTIES (LEASED/OCCUPIED AREAS)

**PM Energy data YoY*	*2021*	*2022*	*Variance (%)*
Properties/Type	Leased area/Unit owner consumption (kWh)	Leased area/Unit owner consumption (kWh)	Leased area/Unit owner consumption (kWh), % variance
Vertical	**6,224,115.89**	**9,980,325.86**	**60.35%**
38 Park Avenue*	NA	17,266.00	0.00%
Base Line Center	1,605,946.25	3,470,499.38	116.10%
Base Line Residences	344,732.00	361,891.00	4.98%
Casa Mira Towers Labangon	800,187.12	1,029,393.00	28.64%
Latitude Corp Center	79,891.18	308,146.20	285.71%
Mesatierra	4,775.52	180,873.25	3687.51%
Mesaverte	181,728.67	586,259.00	222.60%
Mesavirre*	NA	21,329.00	0.00%
Midori Residences	404,342.95	343,011.00	-15.17%
Mivesa Garden Residences	1,339,928.40	1,892,581.15	41.24%
Park Centrale	1,462,583.80	1,769,076.88	20.96%
GRAND TOTAL	**6,224,273.50**	**9,980,325.86**	**▲60.35%**

INDIRECT ENERGY CONSUMPTION OF CONSTRUCTION SITES

Engg Energy data YoY	*2021*	*2022*
Properties/Province	Power (KW-hr), Indirect Energy/Purchased Electricity	Power (KW-hr), Indirect Energy/Purchased Electricity
Bohol	**29,147.00**	**14,382.00**
Velmiro Greens Bohol	29,147.00	14,382.00
Cebu	**1,152,612.00**	**1,251,179.12**
38 Park	404,944.00	404,614.00
Astra Centre	304,088.00	180,622.48
Banilad High Street	314.00	9,442.59
Baseline Center Prestige	187,100.00	0.00
Casa Mira Linao Ph3	5,418.00	5,680.00
Casa Mira South (ph3a, 3b, 4a, 4b)	105,240.00	49,652.00
Casa Mira Towers Guadalupe	NA	19,641.80
Casa Mira Towers Mandaue	132,660.00	166,125.70
Costa Mira Beachtown*	NA	189.00
Mandtra Residences	12.00	81,812.00
Masters Tower	NA	60.00
Mivela Garden Residences	399.00	243,116.05
Patria de Cebu	8,687.00	89,849.50
Velmiro Heights Minglanilla	3,750.00	374.00
Davao del Sur	**540,699.00**	**1,364,872.60**
Casa Mira Towers Davao (LPU)	54,326.00	64,750.60
DGT	180,420.00	219,836.00
Mesatiera Garden Residences	305,953.00	371,998.00
Paragon Davao	No data	708,288.00
Iloilo	**54,188.00**	**166,448.00**
Casa Mira Iloilo	53,150.00	53,102.00
Terranza Residences	1,038.00	113,346.00
Leyte	**8,106.00**	**5,622.94**
Casa Mira Homes Ormoc	8,106.00	5,622.94
Misamis Oriental	**170,752.00**	**158,154.70**
Casa Mira Towers CDO	67,318.00	154,631.00
Negros Occidental	**365,429.00**	**184,262.70**
Casa Mira Bacolod	25,288.00	33,711.00
Casa Mira Towers Bacolod*	NA	41,168.00
Citadines Bacolod	117,147.00	42,776.70
Mesavirre Garden Residences	204,960.00	28,016.00
Velmiro Plains Bacolod	18,034.00	38,591.00
Negros Oriental	**0.00**	**48,858.00**
Casa Mira Homes Dumaguete	No data	48,858.00
GRAND TOTAL	**2,320,933.00**	**3,193,780.06**

WATER CONSUMPTION (cu m)

Disclosure: Water Withdrawal by Source, in cu. m.				
Source	2021	2022	Variance	%
Third-party water provider	**707,966.63**	1,464,827.51	**756,860.88**	106.91%
Managed properties	257,073.15	643,743.28	386,670.13	150.41%
Construction Sites	446,034.80	813,619.34	367,584.54	82.41%
Corporate Offices – Common areas	4,858.68	7,464.89	2,606.21	53.64%
Groundwater**	**465,298.95**	**1,011,390.68**	**546,091.73**	**117.36%**
Managed properties	465,298.95	494,540.50	29,241.55	6.28%
Construction Sites	No data	516,850.18		
TOTAL WATER WITHDRAWAL	**1,173,265.58**	**2,476,218.19**	**1,302,952.61**	**111.05%**

WATER CONSUMPTION OF MANAGED PROPERTIES

			Third party water provider in cu m					
	Groundwater		*Leased areas*		*Common areas*		*Subtotal*	
Properties/Type	2021	2022	2021	2022	2021	2022	2021	2022
Horizontal	**518,949.20**	**494,540.50**	**N/A**	**339,681.00**	**N/A**	**4,073.00**	**N/A**	**343,754.00**
Casa Mira Coast*	N/A	N/A	N/A	0.00	N/A	0.00	N/A	0.00
Casa Mira Linao	91,185.00	106,280.50	N/A	93,842.00	N/A	282.00	N/A	94,124.00
Casa Mira South	199,230.55	161,713.00	N/A	22,036.00	N/A	0.00	N/A	22,036.00
Midori Plains	70,693.00	92,118.00	N/A	78,285.00	N/A	1,034.00	N/A	79,319.00
SJV Balamban	22,556.40	N/A	N/A	38,473.00	N/A	0.00	N/A	38,473.00
SJV Minglanilla	N/A	26,566.00	N/A	21,892.00	N/A	207.00	N/A	22,099.00
SJV Talisay	15,983.75	16,559.00	N/A	16,019.00	N/A	156.00	N/A	16,175.00
SJV Toledo	59,650.25	16,716.00	N/A	0.00	N/A	0.00	N/A	0.00
Velmiro Heights	59,650.25	72,029.00	N/A	64,712.00	N/A	2,394.00	N/A	67,106.00
Villa Casita North	N/A	2,559.00	N/A	4,422.00	N/A	0.00	N/A	4,422.00
Vertical	**N/A**	**N/A**	**100,856.65**	**177,653.46**	**96,566.25**	**124,967.82**	**197,422.90**	**302,621.28**
38 Park Avenue	N/A	N/A	N/A	467.00	N/A	N/A	0	467.00
Asia Premier Residences	N/A	N/A	4,140.80	6,534.57	3,134.20	2,434.43	7,275.00	8,969.00
Base Line Center	N/A	N/A	19,235.28	24,573.65	25,065.72	23,263.35	44,301.00	47,837.00
Base Line Residences	N/A	N/A	6,820.00	7,700.00	430.67	7,127.00	7,250.67	14,827.00
Casa Mira Towers Labangon	N/A	N/A	2,669.00	26,398.80	15,805.17	7,556.00	18,474.17	33,954.80
Latitude Corp Center	N/A	N/A	307.68	726.00	6,072.32	4,793.00	6,380.00	5,519.00
Mesatierra	N/A	N/A	2,330.00	7,277.54	254.50	1,026.04	2,584.50	8,303.58
Mesaverte	N/A	N/A	4,758.00	18,444.00	6,674.00	10,630.00	11,432.00	29,074.00
Mesavirre	N/A	N/A	N/A	614.00	0.00	2,632.00	0.00	3,246.00
Midori Residences	N/A	N/A	8,374.00	7,438.00	2,420.00	1,701.00	10,794.00	9,139.00
Mivesa Garden Residences	N/A	N/A	41,172.89	62,608.00	31,796.67	53,017.00	72,969.56	115,625.00
Park Centrale	N/A	N/A	11,049.00	14,871.90	4,913.00	10,788.00	15,962.00	25,659.90
GRAND TOTAL	**518,949.20**	**494,540.50**	**100,856.65**	**517,334.46**	**96,566.25**	**129,040.82**	**197,422.90**	**646,375.28**

WATER CONSUMPTION OF CONSTRUCTION SITES

	THIRD PARTY WATER PROVIDER, in cu.m	
Construction sites	**2021**	**2022**
Bohol	**6,804.00**	**4,330.00**
Velmiro Greens Bohol	6,804.00	4,330.00
Cebu	**39,449.80**	**26,504.62**
38 Park	5,781.00	5,306.00
Abaca Resort Mactan	448.00	1,597.50
Astra Centre	2,790.00	2,617.00
Banilad High Street	No data	43.00
Baseline Center Prestige	2,215.00	No data
Casa Mira South (ph3a, 3b, 4a, 4b)	18,150.00	No data
Casa Mira Towers Guadalupe	145.00	3,702.79
Casa Mira Towers Mandaue	2,705.00	2,569.83
Latitude Corporate Center	3,427.00	N/A
Lorega Tenement Housing	122.80	No data
Mandtra Residences	127.00	1,821.50
Masters Tower	365.00	8,847.00
Mivela Garden Residences	1,960.00	No data
Patria de Cebu	920.00	No data
Velmiro Heights Minglanilla	294.00	N/A
Davao del Sur	**8,607.00**	**19,838.80**
Casa Mira Towers Davao	162.00	1,282.80
DGT	497.00	1,320.00
Mesatiera Garden Residences	7,948.00	4,176.00
Paragon Davao	No data	13,060.00
Iloilo	**5,884.00**	**661.92**
Casa Mira Iloilo	5,884.00	7.68
Terranza Residences	No data	654.24
Leyte	**0.00**	**5,126.00**
Casa Mira Homes Ormoc	4,164,00	5,126.00
Misamis Oriental	**3,653,539.00**	**754,308.00**
Casa Mira Towers CDO	2,084.00	5,508.00
Velmiro Heights CDO	No data	748,800.00
Velmiro Uptown CDO	3,651,455.00	No data
Negros Occidental	**13,897.00**	**2,850.00**
Casa Mira Bacolod	2,199.00	1,030.00
Citadines Bacolod	3,053.00	No data
Mesavirre Garden Residences	7,200.00	No data
Velmiro Plains Bacolod	1,445.00	1,820.00
GRAND TOTAL	**3,728,180.80**	**813,619.34**

WASTEWATER TREATED AND DISCHARGED (cu m)

Description	2021	2022	%Variance
Wastewater treated and discharged	157,938.31	146,920.92	-6.98%
No. of managed properties with reports	100% (10/10)	73% (8/11)	

RESOURCE INTENSITIES OF MANAGED PROPERTIES

	Direct energy intensity (liters/sq.m.)			*Indirect energy intensity (kWh/sq.m.)*			*Water intensity (cu m/ sq.m.)*		
Scope and Breakdown	**2021**	**2022**	**% variance**	**2021**	**2022**	**% variance**	**2021**	**2022**	**% variance**
Average Intensity:	0.35	0.25	-28.21%	21.13	177.31	739.15%	0.4	5.82	481.58%
Mixed Use/Estate/Township									
Base Line Center	0.35	0.25	-28.21%	2.13	177.31	739.15%	0.4	5.82	481.58%
Average Intensity:	0.74	0.09	-87.84	55.23	36.55	-33.83%	0.59	1.13	12.85%
Office Buildings with G/F Retail									
Park Centrale	1.03	0.03	-96.86	98.22	46.63	-52.53%	0.92	1.86	86.37%
Latitude Corporate Center	0.44	0.15	-66.43	12.23	26.47		0.27	0.39	-60.67%
Average Intensity:	0.3	0.08	-72.56	23.17	26.15	12.86%	0.64	1.46	46.26%
Residential (High rise/Condo)									
Asia Premier Residences	0.95	0.19	-79.79%	5.6	61.11	991.27%	0.69	2.43	143.44%
Base Line Residences	0.04	0.03	-29.53%	38.61	22.57	-41.54%	0.65	1.67	67.4
Midori Residences	0.35	0.02	-93.08	27.08	16.82	-37.91%	0.56	0.57	-43.30%
Mivesa Garden Residences	0.46	0.07	-85.53%	31.32	20.77	-33.69%	1.42	2.6	159.82%
Casa Mira Towers - Labangon	0.21	0.24	13.95%	39.45	39.33	-0.31	0.67	0.86	-13.58%
MesaVerte Residences	0.06	0.01	-75.97	15.68	19.52	24.47%	0.42	0.85	-15.32%
MesaTierra Garden Residences	0.01	0.03	174.86%	4.45	32.22	623.98%	0.10	0.12	-88.25
*38 Park Avenue	N/A	N/A	N/A	N/A	2.25	N/A	N/A	N/A	N/A
*Mesavirre Garden Residences	N/A	0.07	N/A	N/A	20.77	N/A	N/A	2.6	N/A

WASTE GENERATED (KG)

	Disclosure: Total Waste Generated, in kilograms			
	2021		2022	
Source	**Total Solid Waste Generated**	**Total Waste Recycled/Reused**	**Total Solid Waste Generated**	**Total Waste Recycled/Reused**
Managed Properties	916,049.60	Not recorded	661,739.81	36,163.09
#/% of properties w/ report	55% (11/20)	Not recorded	50% (11/22)	36% (8/22)
Construction Sites (Contractor-supplied materials)	38,454,600.00	30,122,000.00	32,333,146.08	91,266.41
#/% of projects w/ report	60% (21/35)	37% (13/35)	39% (15/38)	60% (23/38)
Construction Sites (Owner-supplied materials)	206,609.60	206,609.50	472,002.01	116,228.47
#/% of projects w/ report	100% (11/11)	100% (11/11)	(34%) 13/38	68% (26/38)

CONSTRUCTION WASTE

Cebu	Sum of Biodegradable waste in kg	Sum of Non-biodegradable waste in kg
Astra Centre	582,505.23	66,690.23
Banilad High Street	725.89	1,102.14
Casa Mira Bacolod	2,400.00	21,240.00
Casa Mira Homes Dumaguete	184,637.70	43,669.30
Casa Mira Homes Ormoc	2.15	7.70
Casa Mira Iloilo	699.00	12,103.00

RECYCLED CONSTRUCTION WASTE (OWNER-SUPPLIED MATERIALS)

Construction projects	Sum of Recycled construction waste in kg (OSM)
Velmiro Plains Bacolod	144.00
Paragon Davao	800.00
Mivela Garden Residences	30,021.67
Masters Tower	1,556.59
DGT	1,616.00
Costa Mira Beachtown	10,125.00
Casa Mira Towers Guadalupe	18,200.00
Casa Mira Towers Davao	28,953.10
Casa Mira Iloilo	156.00
Banilad High Street	1,929.31
Astra Centre	22,604.80
38 Park	122.00
GRAND TOTAL	**116,228.47**

RECYCLED CONSTRUCTION WASTE (CONTRACTOR-SUPPLIED MATERIALS)

Construction projects	Sum of [2] Construction waste (kg) CSM	Sum of Recycled construction waste in kg (CSM)
Velmiro Uptown CDO	9,600.00	0.00
Velmiro Plains Bacolod	14,200.00	1,800.00
Velmiro Heights Minglanilla	3,510.00	0.00
Velmiro Greens Bohol	2,274.00	0.00
Terranza Residences	197.00	108.00
Patria de Cebu	5,406.00	3,022.00
Paragon Davao	242,140.00	215.00
Mivela Garden Residences	38,222.91	8,097.90
Mandtra Residences	31,060,000.00	0.00
Lorega Tenement Housing	0.00	12.00
DGT	892.00	397.00
Casa Mira Towers Mandaue	1,078.90	166.00
Casa Mira Towers Guadalupe	15,900.00	15,900.00
Casa Mira Towers Davao	768.00	0.00
Casa Mira Towers CDO	14,400.00	0.00
Casa Mira Towers Bacolod	12,020.48	0.00
Casa Mira South (ph3a, 3b, 4a, 4b)	6,102.00	0.00
Casa Mira Linao Ph3	488.00	0.00
Casa Mira Iloilo	87.00	68.00
Casa Mira Homes Ormoc	38.00	38.00
Casa Mira Homes Dumaguete	271,114.50	45,743.30
Casa Mira Bacolod	22,200.00	960.00
Banilad High Street	4,530.30	120.83
Astra Centre	607,977.00	14,618.38
GRAND TOTAL	**32,333,146.08**	**91,266.41**

GREENHOUSE GAS EMISSIONS (MTCO2E)

Disclosure: Total GHG Emissions, in MTCO2e				
GHG Scope	Activity Source	2021	2022	% Variance
Scope 1 / Direct GHG Emissions	**Use of fuel for employee shuttle service and company-owned vehicles**	**14.16**	**↑81.65**	**476.62%**
	Use of fuel for other vehicles used for official business trips	98.72	↓29.50	-70.11%
	Use of fuel for generator sets			
	Managed properties	322.81	↓19.21	-94.05%
	Construction sites	3,441.77	↑6,389.11	85.63%
	Sub-total	3,764.59	↑6,519.47	73.18%
Scope 2 / Indirect GHG Emissions	**Power consumption**			
	Corporate Offices	0.34	↑0.42	23.53%
	Managed Properties – Common areas	1.81	↑2.15	18.78%
	Construction Sites	1.72	↑2.38	38.37%
	*Energy Consumed from water extraction	No data	0.27	N/A
	Sub-total	3.87	↑5.22	34.88%
Scope 3 / Other Indirect GHG Emissions	**Power consumption**			
	Leased Spaces: Office and Retail Spaces	4.45	↑7.16	60.90%
Total GHG Emissions		3,772.91	↑6,531.85	▲73.13%

	Direct GHG Emissions (Scope 1)		*Indirect GHG Emissions (Scope 2)*		*Other Indirect GHG Emissions (Scope 3)*	
GHG Scope	2021	2022	2021	2022	2021	2022
	Use of Fuel for Generator Sets		Common Areas		Leased Areas	
Managed Properties	322.81	19.21	1.81	2.15	4.45	4.45
Construction Sites	3,441.77	6,521.18	1.72	2.38	NA	NA

EMISSION INTENSITY PER PRODUCT LINE

	Emission Intensity (MTCO2e/sq.m.)
Scope and Breakdown	2022
Average Intensity:	**0.769483**
Mixed Use/Estate/Township	
Base Line Center	0.769483
Average Intensity:	**0.256464**
Office Buildings with G/F Retail	
Park Centrale	0.116000
Latitude Corporate Center	0.396928
Average Intensity:	**0.185865**
Residential (High rise/Condo)	
Asia Premier Residences	0.535043
Base Line Residences	0.088232
Midori Residences	0.073936
Mivesa Garden Residences	0.185154
Casa Mira Towers - Labangon	0.640584
MesaVerte Residences	0.052128
MesaTierra Garden Residences	0.095484
*38 Park Avenue	0.001605
*Mesavirre Garden Residences	0.000621
Overall Average	**0.403937**

GREENHOUSE GAS EMISSIONS OF MANAGED PROPERTIES

Managed Properties		*SCOPE 1*						*SCOPE 2*	*SCOPE 2*				*Emission Intensity*			
Properties/Type	Common Area (sqm)	Genset Fuel Consumption (Diesel) in Liters	GHG Emissions ($kgCO_2e$)	Genset Fuel Consumption (Diesel) in GJ	Company Vehicle; Fuel Consumption (Diesel) in Liters	GHG Emissions (kgCO2e)	Company Vehicle Consumption (Diesel) in GJ	Common Area consumption kWh	Common Area consumption mWh	Emission factor based on grid location	GHG Emissions (kgCO2e)	Common Area consumption in Gj	Emissions total in KgCO2	GJ total	Emissions total in MTCO2	KgCO2/sqm
Horizontal	**263,615.42**	**258.00**	**660.48**	**9.96**	**0.00**	**0.00**	**0.00**	**142,815.00**	**142.82**	**0.71**	**101.71**	**514.13**	**762.19**	**524.09**	**0.7622**	**0.002891**
Casa Mira Coast*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,242.00	6.24	0.71	4.45	22.47	4.45	22.47	0.0044	NA
Casa Mira Linao	21,160.41	0.00	0.00	0.00	0.00	0.00	0.00	14,126.00	14.13	0.71	10.06	50.85	10.06	50.85	0.0101	0.00047544
Casa Mira South	138,121.00	36.00	92.16	1.39	0.00	0.00	0.00	42,607.00	42.61	0.71	30.34	153.39	122.50	154.77	0.1225	0.00088694
Midori Plains	51,963.82	36.00	92.16	1.39	0.00	0.00	0.00	20,841.00	20.84	0.71	14.84	75.03	107.00	76.42	0.1070	0.00205918
SJV Balamban	0.00	54.00	138.24	2.08	0.00	0.00	0.00	3,030.00	3.03	0.71	2.16	10.91	140.40	12.99	0.1404	NA
SJV Minglanilla	1,409.19	36.00	92.16	1.39	0.00	0.00	0.00	490.00	0.49	0.71	0.35	1.76	92.51	3.15	0.0925	0.06564692
SJV Talisay	0.00	30.00	76.80	1.16	0.00	0.00	0.00	0.00	0.00	0.71	0.00	0.00	76.80	1.16	0.0768	NA
SJV Toledo	0.00	30.00	76.80	1.16	0.00	0.00	0.00	6,638.00	6.64	0.71	4.73	23.90	81.53	25.05	0.0815	NA
Velmiro Heights	48,572.00	36.00	92.16	1.39	0.00	0.00	0.00	33,851.00	33.85	0.71	24.11	121.86	116.27	123.25	0.1163	0.00239374
Villa Casita North	2,389.00	0.00	0.00	0.00	0.00	0.00	0.00	14,990.00	14.99	0.71	10.68	53.96	10.68	53.96	0.0107	0.00446876
Vertical	**108,430.26**	**6,584.74**	**16,856.93**	**254.17**	**663.09**	**1,697.51**	**25.60**	**2,828,690.69**	**2,828.69**	0.72	**2,050.12**	**10,183.29**	**20,604.56**	**10,463.05**	**20.6046**	**0.190025955**
38 Park Avenue	850.00	0.00	0.00	0.00	0.00	0.00	0.00	1,916.00	1.92	0.71	1.36	6.90	1.36	6.90	0.0014	0.001605382588
Asia Premier Residences	1,000.00	192.00	491.52	7.41	0.00	0.00	0.00	61,111.00	61.11	0.71	43.52	220.00	535.04	227.41	0.5350	0.5350432542
Base Line Center	4,000.00	1,005.00	2,572.80	38.79	0.00	0.00	0.00	709,253.62	709.25	0.71	505.13	2,553.31	3,077.93	2,592.11	3.0779	0.769482607
Base Line Residences	4,257.38	120.00	307.20	4.63	0.00	0.00	0.00	96,092.00	96.09	0.71	68.44	345.93	375.64	350.56	0.3756	0.08823189906
Casa Mira Towers Labangon	8,743.06	2,092.10	5,355.78	80.76	0.00	0.00	0.00	343,850.00	343.85	0.71	244.89	1,237.86	5,600.67	1,318.62	5.6007	0.6405841856
Latitude Corp Center	12,187.94	1,800.00	4,608.00	69.48	0.00	0.00	0.00	322,573.80	322.57	0.71	229.74	1,161.27	4,837.74	1,230.75	4.8377	0.3969281979
Mesatierra	8,731.68	240.00	614.40	9.26	0.00	0.00	0.00	281,309.15	281.31	0.78	219.34	1,012.71	833.74	1,021.98	0.8337	0.0954841158
Mesaverte	12,553.27	181.00	463.36	6.99	0.00	0.00	0.00	244,993.00	244.99	0.78	191.02	881.97	654.38	888.96	0.6544	0.05212833326
Mesavirre	26,913.38	0.00	0.00	0.00	0.00	0.00	0.00	23,471.00	23.47	0.71	16.72	84.50	16.72	84.50	0.0167	0.0006211054204
Midori Residences	3,000.00	72.61	185.88	2.80	0.00	0.00	0.00	50,445.00	50.45	0.71	35.93	181.60	221.81	184.40	0.2218	0.07393617633
Mivesa Garden Residences	20,405.09	694.83	1,778.76	26.82	663.09	1,697.51	25.60	423,766.00	423.77	0.71	301.81	1,525.56	3,778.08	1,577.97	3.7781	0.1851538682
Park Centrale	5,788.46	187.20	479.23	7.23	0.00	0.00	0.00	269,910.12	269.91	0.71	192.23	971.68	671.46	978.90	0.6715	0.1160001084
GRAND TOTAL	**372,045.68**	**6,842.74**	**17,517.41**	**264.13**	**663.09**	**1,697.51**	**25.60**	2,971,505.69	**2,971.51**	**0.72**	**2,151.83**	**10,697.42**	**21,366.76**	**10,987.15**	**21.37**	**0.05743046539**

Social Data Summary

EMPLOYEE DATA

Employee count by age

No. of employees by Age	2021	2022
Below 30 yrs old	389	421
30 - 50 yrs old	182	196
Over 50 years old	49	52
TOTAL	**571**	**669**

Employee count by category

Employee Count by category	2021	2022
AVP, VP and up (execom & mancom)	19	22
Managers	78	134
Supervisors	57	41
Officers	-	74
Associate	417	398
TOTAL	**571**	**669**

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Employee hires from 2021 to 2022

New employee hires by gender	2021	2022
Male	40	61
Female	94	133
TOTAL	**134**	**194**

New employee hires by age	2021	2022
Below 30 yrs old	102	116
30 - 50 yrs old	30	75
Over 50 years old	2	3
TOTAL	**134**	**194**

New employee hires by category	2021	2022
AVP, VP and up (execom & mancom)	2	0
Managers	14	12
Supervisors	16	20
Officers	-	18
Associate	102	144
TOTAL	**134**	**194**

Employee turnover from 2021 to 2022

New employee hires by gender	2021	2022
Male	14	19
Female	35	45
TOTAL	**49**	**64**

New employee hires by age	2021	2022
Below 30 yrs old	32	42
30 - 50 yrs old	17	22
Over 50 years old	-	0
TOTAL	**49**	**64**

New employee hires by category	2021	2022
AVP, VP and up (execom & mancom)	1	0
Managers	4	3
Supervisors	8	3
Officers	-	5
Associate	36	53
TOTAL	**49**	**64**

EMPLOYEE BENEFITS FROM 2020 TO 2022

	2020		2021		2022	
	% of female employees who availed for the yr	% of male employees who availed for the yr	% of female employees who availed for the yr	% of male employees who availed for the yr	% of female employees who availed for the yr	% of male employees who availed for the yr
Minimum pay ratio (CLI's entry-level wage vs. local minimum wage) GRI 202-1			14%		23%	
Annual Physical Exam	5%	6%	6%	5.78%	47%	37%
Birthday Leave	13%	17%	10.29%	7.32%	47%	37%
Booster Shots	4.40%	3.90%	4.31%	2.82%	100%	100%
Car/Motorcycle Loan	95.20%	85.80%	94.31%	90.20%	0%	100%
Company stock options					41%	59%
Company Uniforms	N/A	N/A	N/A	N/A	47%	37%
Semi flexible-working Hours	100%	100%	100%	100%	57%	43%
Gift Certificates	100%	100%	100%	100%	47%	37%
HMO	100%	100%	100%	100%	100%	100%
Meal Allowance (Regular employees)	10%	10%	10%	10%	47%	37%
Pag-ibig	13%	17%	10.29%	7.32%	100%	100%
Parental leaves	None for the period	None for the period	100%	100%	100%	100%
Per Diem Allowances	None for the period	None for the period	None for the period	None for the period	100%	100%
Retirement fund/Savings Program (aside from SSS)	0.40%	0.90%	0%	0%	100%	100%
Retirement Savings Program	100%	100%	47%	37%	47%	37%
Rice Subsidy (Regular employees)	100%	100%	100%	100%	47%	37%
Sick leaves	92.40%	70.40%	90.21%	81.40%	47%	37%
Special Emergency Loan	NA	NA	81 (26%)	95 (37%)	47%	37%
SSS	100%	100%	100%	100%	100%	100%
Vacation leaves	NA	NA	26%	37%	47%	37%

PARENTAL LEAVE

Total Number of Employees entitled to parental leave by gender	2022
Male	151
Female	152
Total	303

Total Number of Employees that took parental leave, by gender	2022
Male	9
Female	7
Total	16

Total Number of Employees that returned to work after parental leave ended, by gender	2022
Male	9
Female	7
Total	16

Return to work and retention rates of employees that took parental leave, by gender	2022
Male	9
Female	7
Total	16

GENERAL EMPLOYEE LEAVE BENEFITS

Total no. of Employees who availed of Sick leave by Gender	2022
Male	316
Female	247
Total	563

Total no. of Employees who availed of Vacation leave by Gender	2022
Male	316
Female	247
Total	563

Total no. of Employees who availed of Emergency leave by Gender	2022
Male	62
Female	54
Total	116

Total no. of Employees who availed of Sabbatical leave by Gender	2022
Male	1
Female	1
Total	2

Total no. of Employees who availed of Birthday leave by Gender	2022
Male	316
Female	247
Total	563

EMPLOYEE TRAINING AND EDUCATION FROM 2020 TO 2022

Disclosure: Training Hours					Variance 2022 vs 2021
	2020	2021	2022	units	
Total Training Hours Provided to Employees	8,185	5,946	7,162	hours	20%
a. Female	4,911	3,636	4,082	hours	12%
b. Male	3,274	2,310	3,080	hours	33%
Average Training Hours/ Employee	10.1	10.4	9.3	hrs/employee	-10%
a Female	14.5	11.5	9.9	hrs/employee	-14%
b. Male	19.6	9.0	8.7	hrs/employee	-4%

WORK-RELATED INJURIES AND ILLNESSES FROM 2021 TO 2022

Disclosure	2021	2022	Unit
Corporate Offices			
Recorded Illnesses (COVID-related fever)*	44	166	Number
Construction Sites			
Safe Man-Hours	14,788,395	To follow	hours
LTI	5	5	Number
NLTI	No data	823	
LTA	0	0	Number
No. of safety and other trainings	135	54 (10/38 sites submitted)	Number
No. of attendees	1,560	3,597 M - 3360 F - 237	Number

Membership in Associations

1. Subdivision and Housing Developers' Association (SHDA) – Central Visayas
2. Subdivision and Housing Developers' Association (SHDA)- Panay Chapter
3. Organization of Socialized and Economic Housing Development of the Philippines (OSHDP)
4. Chamber of Real Estate and Builders Associations, Inc. (CREBA)
5. Cebu IT BPM Organization
6. Cebu Leads Foundation
7. Cebu Chinese Chamber of Commerce

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
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

Opinion

We have audited the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (collectively referred to herein as the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of profit or loss, 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, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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 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 are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue Recognition for Real Estate Sales

Description of the Matter

We considered the Group's recognition of revenue from real estate sales a key audit matter because of the significant volume of transactions and amount of revenue from real estate sales involved. In 2022, the Group's revenue from real estate sales amounted to P15.4 billion which accounts for 99% of the Group's total revenues. It uses the percentage of completion (POC) method, which is determined using the input method, i.e., based on efforts or inputs to the satisfaction of a performance obligation, to determine the appropriate amount of contract revenues to be recognized for the reporting period. Thus, the complexity of the application of the revenue recognition standard in real estate sales contracts; and the application of significant management judgments in determining when to recognize revenue, particularly on the assessment of the probability of collecting the contract price, and in estimating the stage of project completion were also taken into consideration. An error in the application of the requirements of said standard, and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

We have also considered the continuing implications of the COVID-19 pandemic as it affects a major factor in the Group's revenue recognition criteria which is the probability of collecting the contract price.

The Group's accounting policy on recognition of revenue from real estate sales, and basis of significant judgment and estimates are disclosed in Notes 2 and 3 to the consolidated financial statements, respectively. In addition, the details of contract revenues, specifically the disaggregation of revenues are disclosed in Notes 18 to the consolidated financial statements.

How the Matter was Addressed in the Audit

To address the risk of material misstatements in revenue recognition, we have performed tests of design and operating effectiveness of internal controls, including information technology (IT) general controls, over processes relating to generation of contract revenue, and revenue recognition and measurement. In addition, we reviewed sales agreements, on a sampling basis, and the relevant facts and circumstances about the real estate transactions to determine compliance with a set of criteria for revenue recognition. We have also tested the reasonableness of management's judgment in determining the probability of collection of the contract price which involves a historical analysis of customer payment pattern and behavior.

To ascertain the reasonableness of the 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. Our procedures include understanding of controls over recording of costs and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to determine if the completion based on costs is consistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of project engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

(b) Existence and Valuation of Real Estate Inventories

Description of the Matter

Real estate inventories amount to P18.3 billion, which accounts for 41% of total current assets and 22% of total assets of the Group, as at December 31, 2022. Because of the asset's material effect on the consolidated financial statements, we considered its valuation a key audit matter. Valuation of the Group's real estate inventories, particularly construction-in-progress, involves determination and estimation of significant unbilled materials and project contractors' services at the end of the reporting period. Management's failure to consider such unbilled materials and services, and an error in estimating the same, could have a material impact on the carrying value of real estate inventories as well as POC and cost of real estate sales.

The valuation of the real estate inventories is also hinged on their existence. Given that the Group's real estate projects are located in various locations and the varying stages of completion of the projects, which require significant judgement and estimation, we have also considered the existence of real estate inventories as a key audit matter.

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 performed tests of design and operating effectiveness of internal controls, including IT general controls, over processes relating to initiation and recording of purchases and allocation of cost to real estate inventories. We also performed ocular inspection of selected real estate projects on a date closest to the end of the reporting period to confirm their existence and examined documents, such as land titles, progress reports, contractors' accomplishment billings among others, to corroborate with other procedures as well as to ensure completeness of recorded costs. We tested the assumptions used by management in estimating the unbilled materials and services as well as the stage of completion of the projects which we used to further assess the reasonableness of the assets' valuation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, 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 Mailene Sigue-Bisnar.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 3, 2023

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	P 1,434,559,762	P 1,095,821,916
Receivables - net	6	3,571,775,532	5,844,643,647
Contract assets - net	18	16,208,926,784	6,558,006,000
Real estate inventories	7	18,309,208,981	18,708,757,553
Deposits on land for future development	8	129,996,729	-
Due from related parties	26	35,802,341	57,434,271
Prepayments and other current assets	9	4,964,507,403	4,737,412,289
Total Current Assets		44,654,777,532	37,002,075,676
NON-CURRENT ASSETS			
Receivables - net	6	106,500,218	161,127,276
Contract assets - net	18	15,770,136,750	13,732,299,185
Investments in associates	10	133,559,576	135,064,930
Property and equipment - net	11	4,813,732,450	915,671,703
Right-of-use assets	12	1,168,049,405	1,152,854,127
Investment properties - net	13	17,749,297,533	13,240,123,662
Other non-current assets - net	14	648,815,560	312,888,874
Total Non-current Assets		40,390,091,492	29,650,029,757
TOTAL ASSETS		P 85,044,869,024	P 66,652,105,433
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	P 8,123,643,987	P 8,813,501,067
Trade and other payables	17	18,843,635,888	12,650,588,490
Contract liabilities	18	598,361,867	604,254,603
Customers' deposits	18	120,250,096	89,897,007
Lease liabilities	12	54,145,058	3,288,349
Income tax payable		3,646,417	2,177,192
Total Current Liabilities		27,743,683,313	22,163,706,708
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	26,938,646,624	23,208,218,323
Bonds payable	16	4,930,582,631	-
Trade and other payables	17	195,075,703	169,777,112
Lease liabilities	12	1,182,914,425	1,122,841,952
Post-employment defined benefit obligation	24	9,390,095	4,753,329
Deferred tax liabilities - net	25	3,031,961,340	2,050,626,485
Total Non-current Liabilities		36,288,570,818	26,556,217,201
Total Liabilities		64,032,254,131	48,719,923,909
EQUITY	27		
Equity attributable to shareholders of Parent Company		13,501,563,155	10,839,874,203
Non-controlling interest		7,511,051,738	7,092,307,321
Total Equity		21,012,614,893	17,932,181,524
TOTAL LIABILITIES AND EQUITY		P 85,044,869,024	P 66,652,105,433

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
REVENUES	18			
Sale of real estates		P 15,439,136,362	P 10,996,247,695	P 8,146,432,329
Hotel operations		83,418,279	48,683,577	54,558,131
Rental		79,277,559	74,272,000	55,237,972
Management fees		55,465,803	42,967,412	42,591,886
		15,657,298,003	11,162,170,684	8,298,820,318
COST OF SALES AND SERVICES	19	(8,367,635,549)	(5,972,289,664)	(4,282,111,458)
GROSS PROFIT		7,289,662,454	5,189,881,020	4,016,708,860
OPERATING EXPENSES	20	(2,368,932,953)	(1,950,338,710)	(1,265,920,859)
OTHER OPERATING INCOME	21	202,542,753	257,229,190	68,597,820
OPERATING PROFIT		5,123,272,254	3,496,771,500	2,819,385,821
FINANCE COSTS	22	(351,048,830)	(264,069,008)	(65,805,262)
FINANCE INCOME	23	14,819,366	7,689,872	39,708,261
SHARE IN NET LOSS OF ASSOCIATES	10	(9,505,354)	(4,229,178)	(615,777)
IMPAIRMENT LOSS ON FINANCIAL ASSETS	6	(1,855,555)	-	(252,478)
OTHER LOSSES	21	(8,077,498)	(132,572,525)	(839,657)
PROFIT BEFORE TAX		4,767,604,383	3,103,590,661	2,791,580,908
TAX EXPENSE	25	(1,159,713,237)	(432,719,044)	(715,853,587)
NET PROFIT		P 3,607,891,146	P 2,670,871,617	P 2,075,727,321
Net profit attributable to:				
Parent Company's shareholders		P 3,170,887,739	P 2,612,937,324	P 1,846,119,733
Non-controlling interests		437,003,407	57,934,293	229,607,588
		P 3,607,891,146	P 2,670,871,617	P 2,075,727,321
Earnings per Share:				
Basic and diluted	28	P 0.92	P 1.04	P 1.15

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
NET PROFIT		P 3,607,891,146	P 2,670,871,617	P 2,075,727,321
OTHER COMPREHENSIVE INCOME (LOSS) - Net of Tax				
Item that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of post-employment defined benefit plan	24	(577,372)	435,092	(8,991,642)
Tax income (expense)	25	144,343	(1,029,189)	2,697,492
		(433,029)	(594,097)	(6,294,150)
TOTAL COMPREHENSIVE INCOME		P 3,607,458,117	P 2,670,277,520	P 2,069,433,171
Total comprehensive income attributable to:				
Parent Company's shareholders		P 3,170,454,710	P 2,612,343,227	P 1,839,825,583
Non-controlling interests		437,003,407	57,934,293	229,607,588
		P 3,607,458,117	P 2,670,277,520	P 2,069,433,171

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company									Non-controlling Interests (See Note 27)	Total
	Capital Stock (See Note 27)	Additional Paid-in Capital (See Note 27)	Treasury Stock (See Note 27)	Share Options Outstanding (See Note 27)	Revaluation Reserves (See Note 27)	Retained Earnings (See Note 27) Appropriated	Retained Earnings (See Note 27) Unappropriated	Retained Earnings Total	Total		
Balance at January 1, 2022	P 3,623,451,997	P 1,608,917,974	(P 748,171,901)	P -	(P 13,477,472)	P 172,049,912	P 6,197,103,693	P 6,369,153,605	P 10,839,874,203	P 7,092,307,321	P 17,932,181,524
Transactions with owners											
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	-	61,641,010	61,641,010
Cash dividends	-	-	-	-	-	-	(519,780,221)	(519,780,221)	(519,780,221)	(79,900,000)	(599,680,221)
Stock option granted	-		-	3,005,840	-	-	-	-	3,005,840	-	3,005,840
Stock option exercised	-	-	15,507,297	(809,849)	-	-	(6,688,825)	(6,688,825)	8,008,623	-	8,008,623
	-	-	15,507,297	2,195,991	-	-	(526,469,046)	(526,469,046)	(508,765,758)	(18,258,990)	(527,024,748)
Appropriation of retained earnings											
Appropriations during the year	-	-	-	-	-	3,931,475,893	(3,931,475,893)	-	-	-	-
Reversal of appropriations during the year	-	-	-	-	-	(172,049,912)	172,049,912	-	-	-	-
	-	-	-	-	-	3,759,425,981	(3,759,425,981)	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	3,170,887,739	3,170,887,739	3,170,887,739	437,003,407	3,607,891,146
Other comprehensive loss	-	-	-	-	(433,029)	-	-	-	(433,029)	-	(433,029)
	-	-	-	-	(433,029)	-	3,170,887,739	3,170,887,739	3,170,454,710	437,003,407	3,607,458,117
Balance at December 31, 2022	P 3,623,451,997	P 1,608,917,974	(P 732,664,604)	P 2,195,991	(P 13,910,501)	P 3,931,475,893	P 5,082,096,405	P 9,013,572,298	P 13,501,563,155	P 7,511,051,738	P 21,012,614,893
Balance at January 1, 2021	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	P -	(P 12,883,375)	P 3,949,504,623	P 2,104,913,555	P 6,054,418,178	P 8,631,601,761	P 6,895,639,697	P 15,527,241,458
Transactions with owners											
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	-	226,733,331	226,733,331
Cash dividends	-	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)	(88,000,000)	(476,749,900)
Stock dividends	1,909,451,997	-	-	-	-	-	(1,909,451,997)	(1,909,451,997)	-	-	
Acquisition of treasury stock	-	-	(15,320,885)	-	-	-	-	-	(15,320,885)	-	(15,320,885)
	1,909,451,997	-	(15,320,885)	-	-	-	(2,298,201,897)	(2,298,201,897)	(404,070,785)	138,733,331	(265,337,454)
Reversal of appropriations during the year	-	-	-	-	-	(3,777,454,711)	3,777,454,711	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	2,612,937,324	2,612,937,324	2,612,937,324	57,934,293	2,670,871,617
Other comprehensive loss	-	-	-	-	(594,097)	-	-	-	(594,097)	-	(594,097)
	-	-	-	-	(594,097)	-	2,612,937,324	2,612,937,324	2,612,343,227	57,934,293	2,670,277,520
Balance at December 31, 2021	P 3,623,451,997	P 1,608,917,974	(P 748,171,901)	P -	(P 13,477,472)	P 172,049,912	P 6,197,103,693	P 6,369,153,605	P 10,839,874,203	P 7,092,307,321	P 17,932,181,524
Balance at January 1, 2020	P 1,714,000,000	P 1,608,917,974	(P 247,193,811)	P -	(P 6,589,225)	P 3,050,000,000	P 1,573,093,445	P 4,623,093,445	P 7,692,228,383	P 6,056,029,905	P 13,748,258,288
Transactions with owners											
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	-	647,502,204	647,502,204
Cash dividend	-	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)	(37,500,000)	(452,295,000)
Acquisition of treasury stock	-	-	(485,657,205)	-	-	-	-	-	(485,657,205)	-	(485,657,205)
	-	-	(485,657,205)	-	-	-	(414,795,000)	(414,795,000)	(900,452,205)	610,002,204	(290,450,001)
Appropriation of retained earnings											
Appropriations during the year	-	-	-	-	-	3,300,000,000	(3,300,000,000)	-	-	-	-
Reversal during the year	-	-	-	-	-	(2,400,495,377)	2,400,495,377	-	-	-	-
	-	-	-	-	-	899,504,623	(899,504,623)	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	1,846,119,733	1,846,119,733	1,846,119,733	229,607,588	2,075,727,321
Other comprehensive gain	-	-	-	-	(6,294,150)	-	-	-	(6,294,150)	-	(6,294,150)
	-	-	-	-	(6,294,150)	-	1,846,119,733	1,846,119,733	1,839,825,583	229,607,588	2,069,433,171
Balance at December 31, 2020	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	P -	(P 12,883,375)	P 3,949,504,623	P 2,104,913,555	P 6,054,418,178	P 8,631,601,761	P 6,895,639,697	P 15,527,241,458

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 4,767,604,383	P 3,103,590,661	P 2,791,580,908
Adjustments for:				
Interest expense on interest-bearing loans	22	259,475,530	196,904,919	8,677,442
Depreciation and amortization	20	170,626,662	121,798,863	104,119,622
Interest expense on lease liabilities	12	75,629,879	67,139,552	57,127,820
Interest expense on bonds	22	15,444,620	-	-
Interest income	5	(14,664,879)	(6,528,935)	(8,701,101)
Share in net losses of associates	10	9,505,354	4,229,178	615,777
Share option benefits expense	24, 27	3,005,840	-	-
Recognition of impairment loss on financial assets	6	1,855,555	-	252,478
Loss (gain) on sale of property and equipment	11	(128,365)	16,577	-
Operating profit before working capital changes		5,288,354,579	3,487,150,815	2,953,672,946
Decrease (increase) in receivables		2,325,639,618	136,187,839	(266,148,302)
Increase in contract assets		(11,688,758,349)	(6,433,654,690)	(4,964,140,467)
Decrease (increase) in real estate inventories		2,409,017,134	(1,290,125,235)	(563,703,631)
Increase in deposits on land for future development		(129,996,729)	(376,327,882)	(868,104,916)
Increase in prepayments and other current assets		(102,926,831)	(1,529,208,933)	(747,606,864)
Decrease (increase) in other non-current assets		(341,693,990)	50,242,017	(206,460,224)
Increase in trade and other payables		3,804,705,659	5,317,928,215	993,330,034
Increase (decrease) in contract liabilities		(5,892,736)	71,605,256	113,681,688
Increase (decrease) in customers' deposits		30,353,089	(106,227,005)	5,081,093
Increase (decrease) in post-employment defined benefit obligation		4,059,394	3,538,048	(2,446,874)
Cash generated from (used in) operations		1,592,860,838	(668,891,555)	(3,552,845,517)
Cash paid for taxes		(300,933,097)	(252,045,906)	(151,023,857)
Net Cash From (Used in) Operating Activities		1,291,927,741	(920,937,461)	(3,703,869,374)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of investment properties	13	(5,174,664,275)	(4,865,426,664)	(1,421,274,390)
Acquisitions of property and equipment	11	(1,204,019,547)	(299,836,002)	(235,693,169)
Collections of advances to related parties	26	22,000,465	16,907	-
Interest received	5, 23	14,664,879	6,528,935	8,701,101
Investments in associates	10	(8,000,000)	(25,310,918)	(114,090,016)
Acquisitions of computer software	14	(3,064,323)	(10,242,943)	(8,960,023)
Proceeds from sale of property and equipment	11	1,043,039	75,961	-
Advances to related parties	26	(368,535)	(35,500,674)	(12,003,087)
Net Cash Used in Investing Activities		(6,352,408,297)	(5,229,695,398)	(1,783,319,584)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans - net	15	11,749,374,715	14,448,015,997	12,583,999,063
Repayments of interest-bearing loans	15	(8,807,422,731)	(6,288,347,939)	(5,672,248,772)
Proceeds from issuances of bonds - net	16	4,926,627,631	-	-
Interest paid on interest-bearing loans	15	(1,907,051,243)	(1,387,522,892)	(1,091,629,524)
Cash dividends paid	27	(599,680,221)	(476,749,900)	(452,295,000)
Additional investment from non-controlling shareholders	27	61,641,010	226,733,331	647,502,204
Interest paid on lease liabilities	12	(17,574,742)	(57,537,727)	(57,127,820)
Interest paid on bonds	16	(14,704,640)	-	-
Proceeds from reissuance of treasury stock	27	8,008,623	-	-
Acquisition of treasury stock		-	(15,320,885)	(485,657,205)
Repayments of lease liabilities		-	-	(105,339,849)
Net Cash From Financing Activities		5,399,218,402	6,449,269,985	5,367,203,097
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		338,737,846	298,637,126	(119,985,861)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,095,821,916	797,184,790	917,170,651
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 1,434,559,762	P 1,095,821,916	P 797,184,790

Supplemental Information on Non-cash Activities is disclosed in Note 35.

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 General

Cebu Landmasters, Inc. (the Parent Company or CLI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 26, 2003. CLI is presently engaged in real estate-related activities which include real estate development, sales, leasing and property management. Its real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as office projects, retail spaces and hotels.

In 2016, A B Soberano Holdings Corp. (ABS), formerly A B Soberano International Corporation, one of CLI's stockholders, assumed control of CLI by acquiring additional 400,000,000 shares of CLI and became the parent company of CLI.

On January 6, 2017, the Board of Directors (BOD) approved CLI's application for the registration of 1,714,000,000 of its common shares with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The BOD's approval also covered the planned initial public offering (IPO) of 430,000,000 unissued common shares of CLI. CLI's shares were listed in the PSE on June 2, 2017 (see also Note 27).

ABS is a holding company, which is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests in the following subsidiaries and associates:

Entity	Note	Effective Percentage of Ownership 2022	2021
Subsidiaries			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	**100%**	100%
Cebu Landmasters Property Management, Inc. (CPM)	(b)	**100%**	100%
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	**100%**	100%
CLI Hotels and Resorts Inc. (CHR)	(d)	**100%**	-
CLI-LITE Panglao Inc. (CLI-LITE)	(e)	**88%**	88%
Ming-mori Development Corporation (MDC)	(f)	**78%**	78%
Sugbo Prime Estate, Inc. (SPE)	(g)	**64%**	64%
BL CBP Ventures, Inc. (BL Ventures)	(h)	**50%**	50%
Yuson Excellence Soberano, Inc. (YES)	(i)	**50%**	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(j)	**50%**	50%

Forward

Entity	Note	Effective Percentage of Ownership 2022	2021
Subsidiaries			
YHEST Realty and Development Corporation (YHEST)	(k)	**50%**	50%
CCLI Premier Hotels, Inc. (CCLI)	(l)	**50%**	50%
Cebu Homegrown Developers, Inc. (CHDI)	(m)	**50%**	50%
YHES Premier Hotels Inc. (YHESPH)	(n)	**50%**	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(o)	**50%**	50%
GGTT Realty Corporation (GGTT)	(p)	**50%**	50%
Mivesa Garden Residences, Inc. (MGR)	(q)	**45%**	45%
El Camino Developers Cebu, Inc. (El Camino)	(r)	**35%**	35%
Associates			
ICOM Air Corporation (ICOM)	(s)	**33%**	33%
Magspeak Nature Park, Inc. (Magspeak)	(t)	**25%**	25%

CLI and its subsidiaries (collectively referred as "the Group"), and associates are all incorporated in the Philippines. The subsidiaries and associates, except CPM, CPH, CCLI and YHESPH, are in the same line of business with CLI. A brief description of these entities follows:

(a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.

(b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPH is located in Cebu City.

(c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.

(d) CHR was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group's various hotel projects. Its principal place of business is located in Cebu City. As at December 31, 2022, CHR has yet to start commercial operations.

(e) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.

(f) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.

(g) SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.

(h) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.

(i) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.

(j) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.

(k) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.

(l) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2022, CCLI has yet to start commercial operations.

(m) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.

(n) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES.

(o) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.

(p) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.

(q) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.

(r) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.

(s) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2022, ICOM has yet to start its commercial operations.

(t) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2022 (including the comparative consolidated financial statements for the years ended December 31, 2021 and 2020, were authorized for issue by the BOD on April 3, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These 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 by the Group are disclosed in detail in the succeeding pages. PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA).

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

In 2020, the Group has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (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*, and 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,* relating to several implementation issues of PFRS 15*, Revenue from Contracts with Customers,* affecting the real estate industry.

In 2021, MC No. 2021-08, A*mendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 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 below 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.

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	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, on 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.	Until December 31, 2023

Relief	Description and Implication	Deferral period
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*	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 do 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 financial statement as there would have been a significant financing component when there is a difference between the 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 2022 and prior years.	Until December 31, 2023

(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 consolidated statement of comprehensive income separate from the consolidated statement of profit or loss.

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 has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period.

(d) Functional and Presentation Currency

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

Items included in the consolidated financial statements of the Group are measured using its 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 2022 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
PFRS 3 (Amendments)	:	Business Combination – Reference to the Conceptual Framework
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below are the relevant information about these pronouncements

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use.* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Group's consolidated financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract.* The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Group's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Group's consolidated financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.

(iii) PFRS 3 (Amendments), *Business Combinations*. The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Group's consolidated financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) Effective in 2022 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, 2022, the following Annual Improvements to PFRS 2018-2020 Cycle are not relevant to the Group's financial statements:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
- PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) Effective Subsequent to 2022 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, 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, 2023)

(ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. The Parent Company accounts for its investments in subsidiaries and associates and non-controlling interests as shown below.

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(b) Investments in Associates

Associates are those entities over which the Parent Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the consolidated financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Parent Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the share in net loss of associates in the consolidated statement of profit or loss.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) *Transactions with Non-controlling Interests*

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions–that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss, or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition of interest in an entity which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. In order to meet the definition of a business, the acquired set of activities and assets must have inputs and substantive processes that can collectively significantly contribute to the creation of outputs.

A business usually consists of the three elements as follows:

(a) inputs, which is an economic resource that creates outputs or can contribute to the creation of outputs when processes are applied to it;

(b) processes, which a system, standard, protocol, convention or rule that when applied to an input, creates outputs or can contribute to the creation of outputs; and,

(c) outputs, which are the result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities.

Under the asset purchased accounting, the purchase costs are allocated to identifiable assets and liabilities based on relative fair values of individual items; goodwill or gain on bargain purchase is not recognized; and, transaction costs are capitalized.

2.5 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

(a) Financial assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the Group's financial assets are all categorized as financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Receivables (excluding Advances to officers and employees), Due from Related Parties and Other Non-current Assets in respect of the refundable deposits included therein.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance Income.

(ii) Impairment of Financial Assets

The Group assesses and recognizes an allowance for expected credit losses (ECL) on its financial assets measured at amortized cost. The measurement of the ECL involves consideration of broader range of information in assessing credit risk, including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the financial assets. ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Group assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In determining whether the financial asset is in default, which is aligned with the definition of credit-impaired, the Group considers both quantitative and qualitative criteria as further discussed in Note 31.2(b).

The amount of allowance for ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of any collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses impairment of receivables and contract assets on a collective basis based on shared credit risk characteristics of financial assets. The Group determines the ECL for receivables and contract assets by applying a method that evaluates the credit quality of a portfolio of receivables and contract assets and the cumulative loss rates by analyzing historical net charge-offs arising from cancellations and back-out sale for homogenous accounts that share the same origination period.

For other credit exposures such as due from related parties and refundable deposit, ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within the next 12-months (12-month ECL). When there has been a significant increase in credit risk on a financial asset since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For deposits in cash and cash equivalents, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of Default* – it is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss Given Default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Group expects to receive. For receivables and contract assets, this include cash flows from resale of repossessed real estate properties, net of direct costs of obtaining and selling the properties such as commission, refurbishment, and refund payment under Republic Act (RA) 6552, *Realty Installment Buyer Protection Act* or *Maceda law*.

- *Exposure at Default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial liabilities

Financial liabilities, which include interest-bearing loans and borrowings, bonds, payable, and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)], are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. Interest-bearing loans and bonds payable are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss, except for capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

All interest-related charges are recognized as expense in profit or loss under the caption Finance and Other Charges account in the consolidated statement of comprehensive income.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.6 Real Estate Inventories

Cost of real estate inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties are also capitalized by the Group (see Note 2.13). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Costs of real estate inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

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 project 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.

2.7 Deposits on Land for Future Development

Deposits on land for future development pertain to advance cash payments made to sellers of properties purchased by the Group but title over the properties have not yet been transferred to the Group. Once sale is consummated, which is usually within 12 months from the date the deposit is made, such advance payments are applied to the full amount of the contract price and debited to either Real Estate Inventory or Investment Property account depending on the intended use of the property acquired. The Group presents deposit on land for future development that are intended for real estate inventories under current assets while those that are intended for investment properties as non-current assets in the consolidated statement of financial position.

2.8 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period are classified as part of non-current assets.

2.9 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred. Cost also includes capitalized borrowing costs (see Note 2.13).

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Transportation equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	2-5 years

Leasehold improvements are amortized over the useful life of the improvements of 10 years or the lease term, whichever is shorter.

Construction-in-progress is not depreciated until the completion of the constructed asset.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and depreciation is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

The residual values, estimated useful lives, and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.10 Investment Properties

Investment properties are completed and under construction or development properties that are held to earn rental income, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Cost of the asset includes purchase price, cost of construction and capitalized borrowing costs (see Note 2.13).

Investment properties are carried at cost, net of accumulated depreciation, except for undeveloped land which is not subjected to depreciation, and any impairment in value. Depreciation of investment properties that are subject to depreciation is computed using the straight-line method over the estimated useful lives of the assets of 20 to 50 years.

Construction in progress represents properties under construction and is stated at cost. This includes cost of developed land, costs of construction, applicable borrowing costs (see Note 2.13) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 2.15).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal.

2.11 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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases 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 consolidated 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 consolidated 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.

2.12 Revenue and Expense Recognition

Revenue of the Group arises mainly from the sale of real estate units, lease of property, rendering of management services and hotel operations. However, lease of property is accounted for separately (see Note 2.14).

The Group follows the five-step process below to when it recognizes revenue.

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

A contract with a customer is identified when the following five gating criteria are present:

(i) the parties to the contract have approved the contract either in writing or in accordance with the customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;

(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)]:

(a) *Sale of real estate units* – Revenue from the sale of real estate units are recognized as the control transfers at either over time for units sold under pre-completed contracts or at a point in time for ready for occupancy units, provided that the collectability of the contract price is reasonably assured. Invoicing for real estate sales are based on the agreed amortization schedule by the Group and the buyer. When the price gating criteria of the revenue recognition has not been met, including assessment that collectability of the contract price is not yet assured, the consideration received from buyers are accounted as Customers' Deposits which is presented under current liabilities in the consolidated statement of financial position.

Subsequent cancellations of prior year sales are accounted for as contract modification on the year of cancellation. Cumulative revenues and costs recognized on cancelled contracts are deducted from the real estate sales and the related costs in the year in which such cancellations are made.

For tax reporting purposes, the taxable income for the year is based on the provisions of Section 49 of the National Internal Revenue Code (NIRC), as amended, which governs installment sales. Under the NIRC, revenue on sale and cost of real estate sold are recognized in full when the initial payments collected in the year of sale exceed 25% of the selling price; otherwise, revenue and cost of real estate sold are recognized based on the collections.

(b) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities, which consume the benefit as the Group performs. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as part of contract receivables as only the passage of time is required before payment of these amounts will be due.

(c) *Hotel operations* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

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 statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.5(a)(ii)].

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.

Incremental costs of obtaining a contract to sell real property to customers, such as broker's commissions, are recognized as part of Prepayments and Other Current Assets and is 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 (see Note 2.13).

2.13 Borrowing Costs

Borrowing costs are recognized in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.14 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

The Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates 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. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.15).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets 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.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.15 Impairment of Non-financial Assets

The Group's property and equipment, right-of-use assets, investment properties, investment in associates and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.16 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

The Group's defined benefit post-employment plan, which became effective on January 1, 2015, covers all regular full-time employees. The pension plan is noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the consolidated statement of profit or loss. Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment, if any.

(b) Post-Employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity (i.e., Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Performance Bonus

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.17 Share-based Employee Remuneration

The Parent Company grants share options to qualified employees eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (e.g., profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in the consolidated profit or loss with a corresponding credit to Share Options Outstanding account under the Equity section of the consolidated statement of financial position.

The share-based remuneration expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number of share options that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options expire or are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital.

Upon expiration of the unexercised share option, the value assigned to the stock option is transferred to additional paid-in capital.

2.18 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity within the Group.

2.19 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

For purposes of reporting material related party transactions of publicly-listed companies to the SEC, transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with the related parties are considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, 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 to approve the material related party transactions 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 ten 10% of the Group's total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transactions that meets and exceeds the materiality threshold covering the same related party.

2.20 Segment Reporting

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

In identifying its operating segments, management generally follows the Group's geographical location, which represent the main products and services provided by the Group.

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 post-employment benefit expenses in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

2.21 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital represents the proceeds in excess of the par value of shares issued less directly attributable costs in relation to the issuance of the shares.

Share options outstanding represents unexercised and unexpired share options granted to employees.

Treasury shares represent the shares that are reacquired by the Parent Company at cost but are not cancelled shares.

Revaluation reserves comprise gains and losses arising from remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the consolidated statement of profit or loss, reduced by the amounts of dividends declared. Appropriated retained earnings are retained earnings that have been set aside by the Group for specific purpose and are not available for dividend declarations.

Non-controlling interest (NCI) represents equity in consolidated entities that are not attributable, directly or indirectly to the Parent Company. This increases by equity investments from non-controlling shareholders, share in profit or loss and share in each component of other comprehensive income in the consolidated entities. This decreases by dividends declared to non-controlling shareholders.

The Group adjusts the carrying amount of NCI to reflect the changes in their relative interests in the consolidated entities when the proportion of the equity held by NCI changes. The Group directly recognize in equity any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received, and attribute it to the shareholders of the Parent Company.

2.22 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Parent Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

2.23 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

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 the 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 differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

The Group exercises critical 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 following:

- 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 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 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. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(c) Determination of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Group determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price. Management is confident that when the collections received from the buyers exceed a certain threshold, it would be unlikely for the buyer to default and therefore, cancel the contract. Accordingly, as discussed in Note 2.12 under identification of contract, the Group will not recognize the whole contract and no revenue will be recognized when the collection threshold is not yet reached.

(d) Assessment Involving Right of Return

The Group's real estate sales under pre-completed contracts has variable consideration, which is the right of return when a buyer defaulted the equity payments. Moreover, RA No. 6552, *Realty Installment Buyer Act* or, which is popularly known in the Philippines as the Maceda Law, provides a statutory obligation to the Group to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installment payments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) Determination of ECL on Receivables and Contract Assets

The Group uses the cumulative loss rate approach to calculate ECL for receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Group has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations.

On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Group's trade and other receivables and contract assets are disclosed in Note 31.2.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. 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 operations.

(g) Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a 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. Currently, its leases are all operating leases.

(h) 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.

For leases of land and office space, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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.

(i) Accounting for Equity Ownership Interest in Subsidiaries and Associates

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Group evaluates whether control or significant influence exists. Control is present when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policy decisions.

The Parent Company was able to demonstrate control over the operations of CBLRV (since 2020), CHDI and YHESPH (since 2019), YHEST and CCLI (since 2018), MGR and YHES (since 2017), and BL Ventures, El Camino and YES (since 2016), from the time of their incorporation, as indicated in Note 1.2. It had been able to demonstrate control over the operations of the foregoing investees despite having 50% or less equity ownership interest in them by virtue of a formal agreement with the respective other shareholders of the investees and the Parent Company's actual role in the investees' operations. Accordingly, the said entities are accounted for as subsidiaries.

(j) Distinguishing Between Business Combination and Asset Acquisition

The Parent Company determines whether an acquisition of an entity constitutes a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a business taking into consideration the substance of the transaction. The Group evaluates whether an acquired entity is capable of being conducted and managed as a business by assessing the integrated set of activities and assets based on at least two essential elements – inputs and processes applied to those inputs, which together are or will be used to create outputs. Otherwise, the transaction is accounted for as an asset acquisition. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transaction.

Management assessed that the acquisition of the outstanding shares of GGTT in 2020 does not qualify as business acquisition under PFRS 3, and hence accounted for as an asset acquisition.

(k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 29.

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) Revenue Recognition for Performance Obligations 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 obligation. 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 apply 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.

(b) 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.

(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 behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgement in the estimation of the contractual cash flows due from counterparties that the Group would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year.

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 31.2.

(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 dates the estimates are made. The future realization of the carrying amounts of real estate inventory as presented in Note 7, 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 real estate inventories within the next financial reporting period.

Considering the Group's pricing policy, the net realizable values of real estate inventories for sale are determined to be higher than their related costs.

(e) Estimation of Useful Lives of Property and Equipment, Investment Properties and Right-of-use Assets

The Group estimates the useful lives of property and equipment, investment properties and right-of-use assets 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, right-of use assets and investment properties are analyzed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2022 and 2021, there is no change in estimated useful lives of these assets during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned.

(f) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit 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 (see Note 2.15).

Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those 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.

Management assessed that no impairment loss is required to be provided on its significant non-financial assets, particularly property and equipment, right-of-use assets and investment properties, as at December 31, 2022, 2021 and 2020.

(g) Valuation of Post-employment Defined Benefit Obligation

The determination of the Group'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 increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit as well as the significant assumptions used in estimating such obligation are presented in Note 24.3.

(h) Fair Value Measurement of Share Options

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share option was granted. The estimates and assumptions used are presented in Note 27.3 which include, among others, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Parent Company's share price. Changes in these factors can affect the fair value of share options at grant date.

Details of employee share option plan and the amount of fair value recognized is presented in Note 27.3.

(i) Fair Value Measurement for Investment Properties

Investment properties are measured using the cost model. The fair value of investment property held for capital appreciation and to earn rental income disclosed in the consolidated financial statements is determined by the Group based on the appraisal reports of a professional and independent appraiser.

The fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets being disclosed.

The fair value the Group's investment properties as at December 31, 2022 and 2021 is disclosed in Notes 13 and 32.3(c).

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating segments 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's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

Segment accounting policies are the same as the policies described in Note 2.20. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation, if any.

4.4 Analysis of Segment Information

The following tables present revenue and profit information regarding industry segments for the years ended December 31, 2022, 2021 and 2020 and certain assets and liabilities information regarding segments as at December 31, 2022 and 2021:

	2022				
	Real Estate	**Rental**	**Management Services**	**Hotel Operations**	**Total**
REVENUES					
Sale to external customer	P 15,439,136,362	P 79,277,559	P 55,465,803	P 83,418,279	P 15,657,298,003
Intersegment sales	4,451,344	6,553,177	144,248,732	-	155,253,253
Total revenues	15,443,587,706	85,830,736	199,714,535	83,418,279	15,812,551,256
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	8,226,034,323	-	24,274,537	32,688,802	8,282,997,662
Operating expenses excluding depreciation and amortization	2,210,563,101	9,081,245	2,803,398	60,496,434	2,282,944,178
Depreciation and amortization	73,939,300	84,637,886	46,111	12,003,365	170,626,662
Impairment loss	-	-	1,208,773	646,782	1,855,555
Total costs and expenses	10,510,536,724	93,719,131	28,332,819	105,835,383	10,738,424,057
FINANCE COST (INCOME)					
Interest expense on:					
Loans	258,010,575	1,963,756	-	-	259,974,331
Bonds	15,444,620	-	-	-	15,444,620
Lease liabilities	75,629,879	-	-	-	75,629,879
Interest income on banks	(14,568,391)	(107,185)	(10,166)	(133,624)	(14,819,366)
Total finance cost (income)	334,516,683	1,856,571	(10,166)	(133,624)	336,229,464
SEGMENT PROFIT (LOSS) BEFORE TAX	**P 4,598,534,299**	**(P 9,744,966)**	**P 171,391,882**	**(P 22,283,480)**	**P 4,737,897,735**
ASSETS AND LIABILITIES					
Segment assets	**P 73,165,463,251**	**P17,680,288,533**	**P 101,569,240**	**P 2,323,842,175**	**P 93,271,163,200**
Segment liabilities	**60,403,425,069**	**44,140,094**	**98,345,315**	**2,025,168,139**	**62,571,078,617**

	2021				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 10,996,247,695	P 74,271,999	P 42,967,413	P 48,683,577	P 11,162,170,684
Intersegment sales	(83,694,730)	2,607,317	112,754,994	-	31,667,581
Total revenues	10,912,552,965	76,879,316	155,722,407	48,683,577	11,193,838,265
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	5,834,729,247	63,259	18,740,197	20,693,997	5,874,226,700
Operating expenses excluding depreciation and amortization	1,926,845,038	7,813,579	3,253,570	48,400,793	1,986,312,980
Depreciation and amortization	79,388,040	42,410,823	-	-	121,798,863
Total costs and expenses	7,840,962,325	50,287,661	21,993,767	69,094,790	7,982,338,543
FINANCE COST (INCOME)					
Interest expense on:					
Loans	206,602,933	1,576,018	656,253	-	208,835,204
Lease liabilities	67,139,552	-	-	-	67,139,552
Interest income on banks	(5,992,874)	(49,612)	(20,658)	(155,633)	(6,218,777)
Total finance cost (income)	267,749,611	1,526,406	635,595	(155,633)	269,755,979
SEGMENT PROFIT (LOSS) BEFORE TAX	P 2,803,841,029	P 25,065,249	P 133,093,045	(P 20,255,580)	P 2,941,743,743
ASSETS AND LIABILITIES					
Segment assets	P 59,241,930,021	P13,257,992,141	P 47,761,136	P 668,752,885	P 73,216,436,183
Segment liabilities	47,210,106,719	36,400,266	8,264,159	476,195,105	47,730,966,249

	2020				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 8,146,432,329	P 55,237,972	P 42,591,886	P 54,558,131	P 8,298,820,318
Intersegment sales	32,386,714	6,290,421	51,071,575	-	89,748,710
Total revenues	8,178,819,043	61,528,393	93,663,461	54,558,131	8,388,569,028
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	4,208,259,774	-	14,537,862	19,620,573	4,242,418,209
Operating expenses excluding depreciation and amortization	1,213,385,183	6,692,007	2,381,485	43,355,942	1,265,814,617
Depreciation and amortization	64,330,744	39,693,249	95,630	-	104,119,623
Reversal of impairment losses	-	-	252,478	-	252,478
Total costs and expenses	5,485,975,701	46,385,256	17,267,455	62,976,515	5,612,604,927
FINANCE COST (INCOME)					
Interest expense on:					
Loans	8,677,442	-	-	-	8,677,442
Lease liabilities	-	8,505,235	-	48,622,585	57,127,820
Amortization of day one loss - net	(30,761,435)	-	-	-	(30,761,435)
Interest income on banks	(8,701,101)	-	-	-	(8,701,101)
Total finance cost (income)	(30,785,094)	8,505,235	-	48,622,585	26,342,726
SEGMENT PROFIT (LOSS) BEFORE TAX	P 2,723,628,436	P 6,637,902	P 76,396,006	(P 57,040,969)	P 2,749,621,375
ASSETS AND LIABILITIES					
Segment assets	P 40,383,454,972	P10,109,861,036	P 26,525,944	P 397,946,646	P 50,917,788,598
Segment liabilities	33,012,060,943	29,854,341	5,536,745	186,205,150	33,233,657,179

The real estate segment is further analyzed based on their geographical location as shown in Note 18.1. Both rental and management services segments are located in Cebu City.

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

4.5 Reconciliation

Following is a reconciliation of the Group's segment information to the key financial information presented in its financial statements.

	2022	2021	2020
Revenues			
Total segment revenues	**P15,812,551,256**	P11,193,838,265	P 8,388,569,028
Elimination of intersegment revenues	**(155,253,253)**	(31,667,581)	(89,748,710)
Revenues as reported in profit or loss	**P15,657,298,003**	P11,162,170,684	P 8,298,820,318

	2022	2021	2020
Profit or loss			
Segment profit before tax	**P 4,737,897,735**	P 2,941,743,743	P 2,749,621,375
Elimination of intersegment accounts	**155,253,253**	41,419,431	(25,428,578)
Other operating income	**202,542,753**	257,229,190	68,597,820
Share in net loss in associates	**(9,505,354)**	(4,229,178)	(615,777)
Other losses - net	**(8,077,498)**	(132,572,525)	(593,932)
Profit before tax as reported in profit or loss	**P 4,767,604,383**	P 3,103,590,661	P 2,791,580,908
Assets			
Segment assets and total assets reported in statements of financial position	**P93,271,163,200**	P73,216,436,183	P50,917,788,598
Elimination of intercompany accounts	**(8,226,294,176)**	(6,564,330,750)	(827,287,155)
Total assets as reported in statements of financial position	**P85,044,869,024**	P66,652,105,433	P50,090,501,443
Liabilities			
Segment liabilities	**P62,571,078,617**	P47,730,966,249	P33,233,657,179
Deferred tax liabilities	**3,033,039,074**	2,063,035,449	1,707,563,195
Elimination of intercompany accounts	**(1,571,863,560)**	(1,074,077,789)	(377,960,389)
Total liabilities as reported in statements of financial position	**P64,032,254,131**	P48,719,923,909	P34,563,259,985

5. CASH AND CASH EQUIVALENTS

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

	2022	2021
Cash on hand	**P 3,024,222**	P 4,544,386
Cash in banks	**1,322,678,049**	769,344,992
Short-term placements	**108,857,491**	321,932,538
	P1,434,559,762	P1,095,821,916

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 30 to 123 days and earn effective interest ranging from 0.75% to 4.25% per annum in 2022, ranging from 0.75% to 1.90% per annum in 2021 and ranging from 1.19% to 2.20% per annum in 2020.

Interest income earned from cash and cash equivalents amounted to P14,664,879, P6,528,935 and P8,701,101 in 2022, 2021 and 2020, respectively, and are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 23).

6. RECEIVABLES

This account includes the following:

	Notes	2022	2021
Contract receivables:			
Third parties		**P2,900,433,836**	P5,360,189,498
Related parties	26.2, 26.3	**129,796,291**	137,597,839
Receivable from insurance	36	**144,893,228**	44,118,616
Retention receivable		**113,229,317**	81,429,356
Management fee receivable		**102,357,085**	50,087,038
Rent receivable		**53,640,904**	61,234,152
Receivable from contractors and suppliers		**41,212,041**	3,335,238
Advances to officers and employees		**21,014,700**	1,443,532
Receivable from hotel operations customers		**2,621,371**	21,414,128
Other receivables		**170,886,446**	245,522,221
		3,680,085,219	6,006,371,618
Allowance for impairment	31.2*(c)*	**(1,809,469)**	(600,695)
		P3,678,275,750	P6,005,770,923

Receivables are presented in the consolidated statements of financial position as follows.

	2022	2021
Current	**P3,571,775,532**	P5,844,643,647
Non-current	**106,500,218**	161,127,276
	P3,678,275,750	P6,005,770,923

Buyers of real estate properties are given two to four years to complete the equity amortization which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement by the buyer's chosen financing institution of the buyer's account within 12 months. Title to real estate properties are transferred to the buyers once full payment has been made. Hence, contract receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P1,557,409 and P1,300,077 as at December 31, 2022 and 2021, respectively.

In 2022, the Parent Company has day one loss on noninterest-bearing contract receivables, net of amortization of day one loss, amounting to P257,332, and is presented as part of Finance Costs in the 2022 consolidated statement of profit or loss (see Note 22). On the other hand, the amortization of day one loss of noninterest-bearing contract receivables, net of day one loss, amounted to nil, P1,160,937, and P30,761,435 in 2022, 2021, and 2020, respectively, are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 23).

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Group (see Note 36).

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group.

Advances to officers and employees are composed of advances intended for the Group's operations and are subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. A reconciliation of the allowance for impairment at the beginning and end of 2022 and 2021 is shown below.

	2022	2021
Balance at beginning of year	**P 600,695**	P 600,695
Impairment losses	**1,855,555**	-
Written-off	**(646,781)**	-
Balance at end of year	**P 1,809,469**	P 600,695

7. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	Note	2022	2021
Subdivision units		**P 723,515,775**	P 509,213,661
Condominium units		**442,847,171**	481,000,844
		1,166,362,946	990,214,505
Construction-in-progress (CIP):			
Land development costs		**9,090,488,250**	11,358,311,375
Condominium building costs		**3,538,686,897**	3,092,544,557
Housing costs		**1,330,557,606**	1,202,816,678
		13,959,732,753	15,653,672,610
Raw land inventory	8	**3,183,113,282**	2,064,870,438
		P 18,309,208,981	P18,708,757,553

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 19.

Land development costs pertain to the cost of land acquisition, and site development costs of horizontal projects and other future site projects of the Group.

Condominium building costs consist of the cost of land and the cost to construct the units of the vertical projects of the Group. Housing costs pertain to the cost of house construction for the horizontal projects of the Group.

Raw land inventory consists of parcels of land owned by the Group in various locations. These are expected to be developed into saleable condominium or subdivision units. In 2021, the Group reclassified deposits on land for future development amounting to P1,076,100,742, to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated during the reporting period (see Note 8).

Borrowing costs that are capitalized as part of real estate inventory amounted to P1,177,920,349 and P1,104,112,548 in 2022 and 2021, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). Capitalization rate used for specific borrowings ranges from 4.00% to 8.00% and 4.25% to 7.25% for the years ended December 31, 2022 and 2021, respectively.

In 2022 and 2021, the Group reclassified investment properties totaling P729,713,956 and P1,840,846,826, respectively, to real estate inventories (see Note 13).

As at December 31, 2022 and 2021, real estate inventories totaling to P8,128,280,586 and P9,388,860,245, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

8. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Deposits on land for future development pertains to advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects (see Note 2.7). A reconciliation of the deposits on land for future development is presented below.

	Note	2022	2021
Balance at beginning of year		**P -**	P 699,772,860
Additions		**129,996,729**	376,327,882
Transferred to raw land inventory	7	**-**	(1,076,100,742)
Balance at end of year		**P 129,996,729**	P -

The deposits on land for future development is presented as current assets in the consolidated statements of financial position.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	2022	2021
Advances to subcontractors	**P1,555,905,543**	P1,845,467,300
Input VAT and deferred input VAT	**1,401,290,754**	1,174,824,254
Deferred commissions	**1,212,239,383**	1,038,929,121
Prepaid taxes	**298,208,444**	174,040,162
Advances to suppliers	**248,056,728**	302,615,456
Short-term investments	**204,836,249**	149,901,854
Prepaid expenses	**34,567,894**	41,371,168
Others	**9,402,408**	10,262,974
	P4,964,507,403	P 4,737,412,289

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of subdivision and condominium units for sale. These are applied against the progress billings of subcontractors.

Deferred commissions pertain to sales commissions incurred and capitalized by the Group upon execution of contracts to sell real properties to customers. 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 contracts. In 2022, 2021 and 2020, the Group expensed deferred commissions of P847,167,494, P725,648,666, and P429,725,150, respectively, based on the POC of its related real estate project and is presented as Commissions under Operating Expenses in the consolidated statements of profit or loss (see Note 20).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Group's compliance with the regulatory requirements for issuance of license to sell, and are restricted for use in the Group's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 0.75% to 4.25% per annum in 2022 and ranging from 1.20% to 1.90% per annum in 2021.

Prepaid expenses include advance payment for insurance and rent.

10. INVESTMENTS IN ASSOCIATES

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2022 and 2021 is shown below.

	2022	2021
Balance at beginning of year	**P 135,064,930**	P 129,852,662
Share in net loss during the year	**(9,505,354)**	(4,229,178)
Additional investments	**8,000,000**	25,310,918
Reclassification	**-**	(15,869,472)
Balance at end of year	**P 133,559,576**	P 135,064,930

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2022 is shown below.

	Magspeak	ICOM	Total
Cost			
Balance at beginning of year	P 25,735,096	P 114,300,934	P 140,036,030
Additional investments	-	8,000,000	8,000,000
Balance at end of year	25,735,096	122,300,934	148,036,030
Accumulated equity in net losses			
Balance at beginning of year	(1,487,450)	(3,483,650)	(4,971,100)
Equity in net losses during the year	(1,350,845)	(8,154,509)	(9,505,354)
Balance at end of year	(2,838,295)	(11,638,159)	(14,476,454)
Net carrying amount	**P 22,896,801**	**P 110,662,775**	**P 133,559,576**

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2021 is shown below.

	Magspeak	MDC	ICOM	Total
Cost				
Balance at beginning of year	P 18,235,096	P 21,600,000	P 96,490,016	P 136,325,112
Additional investments	7,500,000	-	17,810,918	25,310,918
Reclassification	-	(21,600,000)	-	(21,600,000)
Balance at end of year	25,735,096	-	114,300,934	140,036,030
Accumulated equity in net losses				
Balance at beginning of year	(849,697)	(5,541,682)	(81,071)	(6,472,450)
Equity in net loss during the year	(637,753)	(188,846)	(3,402,579)	(4,229,178)
Reclassification	-	5,730,528	-	5,730,528
Balance at end of year	(1,487,450)	-	(3,483,650)	(4,971,100)
Net carrying amount	P 24,247,646	P -	P 110,817,284	P 135,064,930

(a) *Magspeak*

Significant information on Magspeak's financial position as at December 31, 2022 and 2021, and financial performance for the years ended December 31, 2022, 2021 and 2020 are as follows:

	2022	2021
Current assets	**P 30,050,432**	P 30,659,907
Non-current assets	**78,471,424**	56,329,911
Total assets	**P 108,521,856**	P 86,989,818

	2022	2021
Current liabilities	**P 8,443,530**	P 11,125,780
Non-current liabilities	**5,920,929**	-
Total liabilities	**P 14,364,459**	P 11,125,780

	2022	2021	2020
Net loss	**(P 4,934,527)**	(P 2,551,014)	(P 1,233,204)
Other comprehensive income	**-**	-	-
Total comprehensive loss	**(P 4,934,527)**	(P 2,551,014)	(P 1,233,204)

The Parent Company's share in the net assets of Magspeak as of December 31, 2022 and 2021 which agrees with the carrying amount of the investment in Magspeak is shown below.

	2022	2021
Net assets of Magspeak	**P 94,157,397**	P 75,864,038
Proportion of equity interest by the Parent Company	**25%**	25%
Parent Company's share in the net assets of Magspeak	**23,539,349**	18,966,010
Other stockholders unpaid subscription	**(642,548)**	5,281,636
Carrying amount of investment	**P 22,896,801**	P 24,247,646

(b) *MDC*

On June 22, 2021, CLI assumed control of the MDC by acquiring additional 6,379,980 common shares of MDC from nine other stockholders. CLI became the Company's parent company with a 77.69% ownership interest of the MDC's outstanding shares, an increase from its previously held 20% ownership interest. Such acquisition was considered as a business combination achieved in stages, otherwise known as step-up acquisition (see Note 1.2).

Upon acquisition, CLI remeasured its investment in an associate to its acquisition-date fair value and recognized a Gain on remeasurement of investments in associates presented under Other Operating Income in the 2021 statement of profit or loss (see Note 21.1), computed as follows.

Acquisition-date fair value of previously held interest	P 48,307,983
Acquisition-date carrying value of investment in associate	(15,869,472)
Gain on remeasurement	P 32,438,511

The fair values of the identifiable assets acquired and liabilities assumed from the increased acquisition in MDC as at the date of acquisition and the total consideration used are presented below.

Consideration made:	
Consideration transferred on additional acquisition	P 159,499,500
Acquisition-date fair value of previously held interest	48,307,983
Amount of non-controlling interest	59,692,017
	267,499,500
Fair value of net assets acquired:	
Cash	P 18,088,271
Real estate inventory	245,551,610
Other current assets	5,775,694
Trade and other payables	(1,880,803)
Due to a related party	(35,272)
	267,499,500
Goodwill	P -

Non-controlling interest was computed using the proportionate share in the recognized amounts of the acquiree's identifiable net assets. There were no trade and other receivables acquired and no contingent consideration arising from the foregoing transaction. The acquisition-related costs for this transaction were also immaterial. Moreover, the acquisition did not result to any goodwill or any gain on bargain purchase.

The total revenues and net losses of MDC included in the 2021 consolidated statement of comprehensive income since acquisition date are nil and P2,330,126, respectively. Had the acquisition occurred at the beginning of the year, the total revenues and net losses of MDC to be included in the 2021 consolidated statement of comprehensive income are nil and P4,329,135, respectively.

(c) *ICOM AIR*

Significant information on ICOM's financial position and financial performance as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P 30,759,869**	P 33,287,705
Non-current assets	**300,684,537**	306,275,863
Total assets	**P 331,444,406**	P 339,563,568
Current liabilities	**P 1,379,372**	P 7,214,820
Non-current liabilities	**39,000,000**	39,943,000
Total liabilities	**P 40,379,372**	P 47,157,820

	2022	2021
Revenues	**P 14,448,415**	P 8,312,631
Net loss	**(P 24,360,430)**	(P 10,310,845)
Other comprehensive income		-
Total comprehensive loss	**(P 24,360,430)**	(P 10,310,845)

The Parent Company's share in the net assets of ICOM as of December 31, 2022 and 2021 which agrees with the carrying amount of the investment in ICOM is shown in the next page.

	2022	2021
Net assets of ICOM	**P 291,065,034**	P 292,405,748
Proportion of equity interest by the Parent Company	**33%**	33%
Parent Company's share in the net assets of ICOM	**96,051,461**	97,468,583
Other stockholders unpaid subscription	**14,611,314**	13,348,701
Carrying amount of investment	**P 110,662,775**	P 110,817,284

Shares in net losses of associates totaling P9,505,354, P4,229,178 and P615,777 were recognized in 2022, 2021 and 2020, respectively, in the consolidated statements of profit or loss.

There were no dividends received from the Group's associates in 2022, 2021 and 2020.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2022 and 2021 are shown below.

	Land	Building	Office Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2022								
Cost	P 359,058,133	P 401,375,877	P 111,382,859	P 57,015,172	P 40,459,135	P 14,547,842	P 4,077,078,853	P 5,060,917,871
Accumulated depreciation and amortization	-	(117,269,272)	(53,078,326)	(42,285,966)	(27,932,433)	(6,619,424)	-	(247,185,421)
Net carrying amount	**P 359,058,133**	**P 284,106,605**	**P 58,304,533**	**P 14,729,206**	**P 12,526,702**	**P 7,928,418**	**P 4,077,078,853**	**P 4,813,732,450**
December 31, 2021								
Cost	P 140,896,820	P 313,420,883	P 91,775,926	P 59,603,223	P 36,731,888	P 12,514,727	P 471,807,019	P 1,126,750,486
Accumulated depreciation and amortization	-	(102,246,056)	(40,841,416)	(39,453,413)	(23,778,921)	(4,758,977)	-	(211,078,783)
Net carrying amount	P 140,896,820	P 211,174,827	P 50,934,510	P 20,149,810	P 12,952,967	P 7,755,750	P 471,807,019	P 915,671,703
December 31, 2020								
Cost	P 140,896,820	P 255,033,535	P 70,755,434	P 46,189,920	P 28,848,061	P 4,585,537	P 269,748,169	P 816,057,476
Accumulated depreciation and amortization	-	(84,445,236)	(31,271,468)	(33,586,991)	(19,911,373)	(3,454,802)	-	(172,669,870)
Net carrying amount	P 140,896,820	P 170,588,299	P 39,483,966	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2022 and 2021 is shown below.

	Land	Building	Office Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2022 net of accumulated depreciation and amortization	P 140,896,820	P 211,174,827	P 50,934,510	P 20,149,810	P 12,952,967	P 7,755,750	P 471,807,019	P 915,671,703
Additions	218,161,313	55,888,147	19,701,024	1,604,275	3,727,247	2,033,115	2,336,303,706	2,637,418,827
Disposals	-	-	(56,627)	(858,046)	-	-	-	(914,673)
Reclassification	-	32,066,847	-	-	-	-	1,268,968,128	1,301,034,975
Depreciation and amortization for the year	-	(15,023,216)	(12,274,374)	(6,166,833)	(4,153,512)	(1,860,447)	-	(39,478,382)
Balance at December 31, 2022 net of accumulated depreciation and amortization	**P 359,058,133**	**P 284,106,605**	**P 58,304,533**	**P 14,729,206**	**P 12,526,702**	**P 7,928,418**	**P 4,077,078,853**	**P 4,813,732,450**
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 140,896,820	P 170,588,299	P 39,483,966	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606
Additions	-	11,827,275	21,178,971	13,413,303	8,401,409	7,929,190	237,085,854	299,836,002
Disposals	-	-	(23,178)	-	(69,360)	-	-	(92,538)
Reclassification	-	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization for the year	-	(14,244,790)	(9,613,285)	(5,866,422)	(4,315,770)	(1,304,175)	-	(35,344,442)
Balance at December 31, 2021 net of accumulated depreciation and amortization	P 140,896,820	P 211,174,827	P 50,934,510	P 20,149,810	P 12,952,967	P 7,755,750	P 471,807,019	P 915,671,703
Balance at January 1, 2020 net of accumulated depreciation and amortization	P 139,794,060	P 83,076,321	P 38,833,292	P 11,220,784	P 10,019,737	P 97,701	P 72,079,085	P 355,120,980
Additions	-	19,542,518	8,286,592	5,177,704	2,762,373	2,254,898	197,669,084	235,693,169
Reclassification	1,102,760	85,001,437	-	-	-		-	86,104,197
Depreciation and amortization for the year	-	(17,031,977)	(7,635,918)	(3,795,559)	(3,845,422)	(1,221,864)	-	(33,530,740)
Balance at December 31, 2020 net of accumulated depreciation and amortization	P 140,896,820	P 170,588,299	P 39,483,966	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606

Depreciation and amortization expense on property and equipment is presented as part of Operating Expenses (see Note 20).

In 2022, the Group reclassified construction in progress under Investment Properties with an aggregate carrying amount of P1,301,034,975 to construction in progress under Property and Equipment as these properties will be used for hotel operations of the Group. Additionally, construction in progress with an aggregate carrying amount of P32,066,847 was reclassified to Building for office renovations completed during the year.

In 2021 and 2020, the Group reclassified certain retail building previously presented as Investment Properties with an aggregate amount of P7,977,039 and P86,104,197, respectively, to Property and Equipment (see Note 13) because CLI used these units as one of its offices.

Borrowing costs that are capitalized as part of property and equipment amounted to P441,588,741 and P12,703,961 in 2022 and 2021, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). Capitalization rate used for specific borrowings ranges from 4.00% to 8.00% in 2022 and ranges from 5.25% to 5.70% in 2021.

Certain transportation equipment and office equipment with a total carrying amount of P914,673 of the Parent Company were sold in 2022 for P1,043,039, thereby resulting in gain on disposal amounting to P128,365. Certain office equipment and furniture and fixtures of the Parent Company with an aggregate carrying amount of P92,538 were sold in 2021 for a total of P75,961 resulting to a net loss on disposal amounting to P16,577 (see Note 21.2).

Certain land, building, office equipment, furniture and fixtures and construction in progress with an aggregate carrying amount of P4,353,935,990 and P620,695,904 as at December 31, 2022 and 2021, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

As at December 31, 2022 and 2021, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to P103,615,868 and P96,606,491, respectively.

12. LEASES

The Group entered into lease contracts, as lessee, for leases of land and office spaces. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the consolidated statements of financial position as Right-of-use Assets and the corresponding obligation, as Lease Liabilities. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases 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.

Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2022 and 2021 consolidated statement of financial position.

	Number of right of-use assets leased	Lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination options
December 31, 2022					
Land	4	25 to 42 years	-	-	-
Office space	2	4 to 5 years	1	-	1
December 31, 2021					
Land	3	25 to 42 years	-	-	-
Office space	2	4 to 5 years	1	-	1

12.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at December 31, 2022 and 2021 and the movements during the year are shown below.

	Land	Office Space	Total
December 31, 2022			
Cost			
Balance at beginning of year	P 1,209,882,682	P 15,877,921	P1,225,760,603
Additions	52,874,045	-	52,874,045
Balance at end of year	1,262,756,727	15,877,921	1,278,634,648
Accumulated amortization			
Balance at beginning of year	67,834,649	5,071,827	72,906,476
Amortization	34,326,290	3,352,477	37,678,767
Balance at end of year	102,160,939	8,424,304	110,585,243
Carrying amount at December 31, 2022	**P 1,160,595,788**	**P 7,453,617**	**P1,168,049,405**
December 31, 2021			
Cost			
Balance at beginning of year	P 971,236,695	P 8,556,881	P 979,793,576
Additions	282,694,092	7,321,040	290,015,132
Amendment of lease contract	(44,048,105)	-	(44,048,105)
Balance at end of year	1,209,882,682	15,877,921	1,225,760,603
Accumulated amortization			
Balance at beginning of year	26,308,480	2,580,647	28,889,127
Amortization	41,526,169	2,491,180	44,017,349
Balance at end of year	67,834,649	5,071,827	72,906,476
Carrying amount at December 31, 2021	P 1,142,048,033	P 10,806,094	P1,152,854,127

The additional right-of-use asset in 2022 pertains to a 30-year lease contract for a piece of land intended for the development of a commercial complex.

The additional right-of-use assets in 2021 pertain to a 25-year lease contract for a piece of land intended for the development of a new real estate project (dormitory with retail and warehouse spaces) and a five-year lease contract for an office space.

12.2 Lease Liabilities

Lease liabilities presented in the consolidated statements of financial position as follows:

	2022	2021
Current	**P 54,145,058**	P 3,288,349
Non-current	**1,182,914,425**	1,122,841,952
	P1,237,059,483	P1,126,130,301

The Group is fully liable for the rentals on the remaining term of the lease of office space, including any interest, penalties, utility charges and damages for termination prior to expiration of the contract. The contracts of lease on land does not provide for any future lease termination and extension options.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities are as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2022							
Lease payments	P 134,277,530	P 55,551,518	P 57,377,308	P 70,139,485	P 68,764,525	P3,549,579,395	P 3,935,689,761
Finance charges	(80,132,472)	(82,165,440)	(84,290,065)	(85,903,334)	(90,260,395)	(2,275,878,572)	(2,698,630,278)
Net present values	**P 54,145,058**	**(P 26,613,922)**	**(P 26,912,757)**	**(P 15,763,849)**	**(P 21,495,870)**	**P1,273,700,823**	**P 1,237,059,483**
December 31, 2021							
Lease payments	P 34,721,673	P 53,119,361	P 55,214,074	P 55,104,221	P 67,203,542	P3,543,106,066	P 3,808,468,937
Finance charges	(31,433,324)	(118,086,952)	(82,618,076)	(80,440,172)	(82,009,070)	(2,287,751,042)	(2,682,338,636)
Net present values	P 3,288,349	(P 64,967,591)	(P 27,404,002)	(P 25,335,951)	(P 14,805,528)	P1,255,355,024	P 1,126,130,301

12.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets has an aggregate amount of P24,410,422, P23,699,072 and P18,441,626 in 2022, 2021 and 2020, respectively, and is presented as Rent under Operating Expenses in the consolidated statements of profit of loss (see Note 20).

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P17,574,742, P57,537,727 and P162,467,669 in 2022, 2021 and 2020, respectively, including the interest expense in relation to the lease liabilities amounting to P75,629,879, P67,139,552 and P57,127,820, respectively, for the same periods ended. This is presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statement of profit or loss. (see Note 22).

13. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for development of properties, condominium units and retail building for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2022 and 2021 are shown below.

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
December 31, 2022						
Costs	P 1,312,033,280	P 910,086,051	P 122,067,668	P 2,682,185,384	P12,961,598,553	P17,987,970,936
Accumulated depreciation	(98,114,489)	(126,885,260)	(13,673,654)	-	-	(238,673,403)
Carrying amount	**P 1,213,918,791**	**P 783,200,791**	**P 108,394,014**	**P 2,682,185,384**	**P12,961,598,553**	**P17,749,297,533**
December 31, 2021						
Costs	P 776,845,974	P 828,036,331	P 33,036,981	P 5,449,949,151	P 6,306,290,741	P13,394,159,178
Accumulated depreciation	(49,310,883)	(97,154,410)	(7,570,223)	-	-	(154,035,516)
Carrying amount	P 727,535,091	P 730,881,921	P 25,466,758	P 5,449,949,151	P 6,306,290,741	P13,240,123,662

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
January 1, 2021						
Costs	P 595,061,927	P 551,960,802	P 31,371,804	P 5,742,622,708	P 3,287,906,544	P10,208,923,785
Accumulated depreciation	(33,635,295)	(75,583,112)	(5,962,316)	-	-	(115,180,723)
Carrying amount	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P10,093,743,062

A reconciliation of the carrying amounts of investment properties at the beginning and end of year 2022 and 2021 is shown below.

	Retail Building	**Condominium Units**	**Parking Units**	**Land**	**Construction in Progress**	**Total**
Balance at January 1, 2022 net of accumulated depreciation	P 727,535,091	P 730,881,921	P 25,466,758	P 5,449,949,151	P 6,306,290,741	P 13,240,123,662
Additions	250,000	1,535,704	-	-	6,622,774,985	6,624,560,689
Reclassifications	534,937,306	80,514,016	89,030,687	(2,767,763,767)	(32,532,827)	(2,030,748,931)
Depreciation during the year	(48,803,606)	(29,730,850)	(6,103,431)	-	-	(84,637,887)
Balance at December 31, 2022 net of accumulated depreciation	**P 1,213,918,791**	**P 783,200,791**	**P 108,394,014**	**P 2,682,185,384**	**P12,961,598,553**	**P17,749,297,533**
Balance at January 1, 2021 net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P10,093,743,062
Additions	696,786	-	-	740,506,424	4,269,412,078	5,037,615,288
Reclassifications	184,643,291	276,075,529	1,665,177	(1,033,179,881)	(1,278,027,881)	(1,848,823,865)
Depreciation during the year	(19,231,618)	(21,571,298)	(1,607,907)	-	-	(42,410,823)
Balance at December 31, 2021 net of accumulated depreciation	P 727,535,091	P 730,881,921	P 25,466,758	P 5,449,949,151	P 6,306,290,741	P13,240,123,662
Balance at January 1, 2020 net of accumulated depreciation	P 85,115,746	P 229,432,066	P 26,978,078	P 5,742,274,541	P 3,307,055,593	P 8,904,844,700
Additions	-	-	-	348,167	2,311,995,526	2,312,343,693
Reclassifications	494,833,922	266,547,247	-	-	(1,845,133,252)	(1,083,752,083)
Depreciation during the year	(18,523,036)	(19,601,623)	(1,568,590)	-	-	(39,693,249)
Balance at December 31, 2020 net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P10,093,743,062

In 2022, the Group reclassified certain investment properties with aggregate carrying amounts of P729,713,956 and P1,301,034,975 to real estate inventories and property and equipment, respectively. In 2021, the Group reclassified certain investment properties with aggregate carrying amounts of P1,840,846,826 and P7,977,039 to real estate inventories and property and equipment, respectively (see Notes 7 and 11). These reclassifications were made as a result of the change in the use of the properties from being held for lease to being held for sale and for use in the operations.

Borrowing costs that are capitalized as part of investment property amounted to P101,968,120 and P172,188,624 in 2022 and 2021, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15).

Capitalization rate used for specific borrowings ranges from 4.00% to 8.00% and 4.25% to 7.25% for the years ended December 31, 2022 and 2021, respectively.

Income and expenses from investment properties for the years ended December 31, 2022, 2021 and 2020 are presented below.

	Notes	2022	2021	2020
Rental income:	18.1			
Retail building		**P 68,094,916**	P 68,244,532	P 52,925,898
Condominium units		**9,789,476**	3,882,427	1,837,157
Parking units		**1,287,074**	728,102	474,917
Others		**106,093**	1,416,939	-
		P 79,277,559	P 74,272,000	P 55,237,972
Expenses:				
Depreciation	19	**P 84,637,886**	P 42,410,823	P 39,693,249
Repairs and maintenance	20	**-**	2,041,149	509,627
Others	19	**-**	63,259	-
		P 84,637,886	P 44,515,231	P 40,202,876

The depreciation and other expenses are included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2022, 2021 and 2020 (see Note 19).

Investment properties have a total fair value of P20,627,177,086 and P16,210,917,528 as at December 31, 2022 and 2021, respectively, based on the appraisal done by an independent expert [see Note 32.3(c)]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Group's investment properties as at December 31, 2022 and 2021 [see also Note 3.2(f)].

Investment properties with a total carrying amount of P7,165,081,902 and P6,782,367,866 as at December 31, 2022 and 2021, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

14. OTHER NON-CURRENT ASSETS

This account includes the following:

	2022	2021
Advances to subcontractors	**P 473,134,430**	P 165,368,935
Refundable deposits	**128,384,996**	94,473,055
Computer software – net of accumulated amortization of P31,974,998 and P23,143,372, respectively	**31,362,061**	37,129,364
Investment in equity securities	**9,375,002**	9,375,002
Deferred input VAT	**4,624,926**	4,624,926
Others	**1,934,145**	1,917,592
	P 648,815,560	P 312,888,874

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments, which are expected to be realized at the termination of the contract, to lessors and various payees. These are measured at amortized cost.

The total additions to computer software amounted to P3,064,323, P10,242,943 and P8,960,023 in 2022, 2021 and 2020, respectively. The amortization expense on the computer software amounted to P8,831,626 , P8,988,002 and P7,243,253 in 2022, 2021 and 2020, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 20).

15. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the consolidated statements of financial position as follows:

	Note	2022	2021
Current:			
Bank loans	15.1	**P 7,006,084,463**	P 5,268,262,872
Corporate notes	15.2	**1,117,559,524**	3,545,238,195
		8,123,643,987	8,813,501,067
Non-current:			
Bank loans	15.1	**15,721,660,371**	10,913,679,792
Corporate notes	15.2	**11,216,986,253**	12,294,538,531
		26,938,646,624	23,208,218,323
		P35,062,290,611	P32,021,719,390

15.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	2022	2021
Balance at beginning of year	**P 16,181,942,664**	P 8,949,834,693
Proceeds and drawdowns - net	**11,749,374,715**	11,475,252,839
Repayments	**(5,262,184,636)**	(4,270,490,796)
Amortization of debt issue costs	**58,612,091**	27,345,928
Balance at end of year	**P 22,727,744,834**	P 16,181,942,664

The unamortized debt issue cost as at December 31, 2022 and 2021 amounts to P107,967,127 and P64,046,933, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2022 and 2021 is shown below.

	2022	2021
Balance at beginning of year	**P 64,046,933**	P 22,600,198
Debt issue costs from new loans	**102,532,285**	68,792,663
Amortization of debt issue cost	**(58,612,091)**	(27,345,928)
Balance at end of the year	**P 107,967,127**	P 64,046,933

The loans bear interest rates per annum ranging from 4.00% to 8.00% in 2022, 1.71% to 6.25% in 2021 and 1.84% to 7.13% in 2020. Certain loans are collateralized by the specific projects and developments and certain property and equipment for which the loans were obtained. The cost of such projects aggregating to P19,647,298,478 and P16,791,924,015 as at December 31, 2022 and 2021, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 7, 11 and 13).

In 2022, the Group availed of new bank loans amounting to P11,749,374,715, net of debt issuance cost, which bear interest ranging from 4.00% to 8.00% and have maturity dates ranging from 2023 to 2034. Loans obtained in 2021 from various commercial banks amounting to P11,475,252,839, net of debt issuance cost, which bear interest ranging from 3.88% to 6.25% and have maturity dates ranging from 2022 to 2034.

The total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P1,077,091,468, P612,575,458 and P475,802,271 in 2022, 2021 and 2020, respectively, and of which P817,615,938, P414,515,526 and P473,363,035, respectively, were capitalized as part of construction costs (see Notes 7 and 13). Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 4.00% to 8.00% and 4.25% to 7.25% for the years ended December 31, 2022 and 2021, respectively.

15.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) totalling P13,000,000,000 and two short-dated notes (SDN) amounting to P2,000,000,000 and P3,000,000,000, respectively.

	2022	2021
Balance at beginning of year	**P 15,839,776,726**	P14,844,149,018
Repayments	**(3,545,238,095)**	(2,017,857,143)
Proceeds and drawdowns - net	**-**	2,972,763,158
Amortization of debt issue cost	**40,007,146**	40,721,693
Balance at end of the year	**P 12,334,545,777**	P15,839,776,726

The NFA is composed of the following tranches:

NFA	Date Executed	Tranche	Tenor	Principal Amount
LTCN	03/05/2020	Series D	Five years	P 1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	1,000,000,000
	07/20/2018	Series A	Seven years	2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	1,500,000,000
				P 13,000,000,000

NFA	Date Executed	Tranche	Tenor		Principal Amount
SDN	04/30/2021	SDN 2	18 months from drawdown date	P	3,000,000,000
	10/25/2019	SDN 1	18 months from drawdown date		2,000,000,000
				P	5,000,000,000

The Parent Company made the following drawdowns from the NFA.

Year	Tranche	Interest Rate	Maturity Dates		Amount
2021	SDN 2	3.88%	November 2022	P	3,000,000,000
2020	Series D	3.46%	September 2025	P	1,300,000,000
	Series E	3.54% - 4.66%	April 2027		5,700,000,000
	Series F	4.23% - 5.23%	March 2030		1,000,000,000
				P	8,000,000,000
2019	Series A	7.25%	January 2026	P	2,000,000,000
	SDN 1	4.75%	April 2021		2,000,000,000
				P	4,000,000,000
2018	Series A	7.25%	December 2025	P	500,000,000
	Series B	6.63%	August – September 2028		1,000,000,000
	Series C	6.75%	October – December 2028		1,500,000,000
				P	3,000,000,000

In 2021 and 2020, the Parent Company recognized debt issuance costs for new NFA amounting to P27,236,842 and P108,124,311, respectively, which has a carrying amount of P183,087,824 and P185,079,683 as at December 31, 2021 and 2020, respectively, in relation to the drawdowns from the NFA. The debt issuance cost amortization in 2022 and 2021 amounted to P40,007,146 and P40,721,693, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA, including amortization of debt issuance cost, amounted to P836,758,484, P861,785,646 and P655,265,056 in 2022, 2021 and 2020, respectively, of which P836,758,484, P861,785,646 and P649,026,850 was capitalized as part of real estate inventories and investment properties in 2022, 2021 and 2020, respectively (see Notes 7 and 13).

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2022 and 2021, the Parent Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the consolidated statements of profit or loss, amounted to P259,475,530, P196,904,919 and P8,677,442 in 2022, 2021 and 2020, respectively (see Note 22).

The accrued interest on these loans amounts to P136,111,341 and P140,706,007 as at December 31, 2022 and 2021, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

16. BONDS PAYABLE

On September 23, 2022, CLI registered with the SEC its debt securities program of P15,000,000,000 fixed rate bonds which will be offered in one or more tranches within three (3) years.

On October 7, 2022, the Parent Company issued the first tranche of its fixed rate bonds amounting to P5,000,000,000 and was listed with the Philippine Dealing & Exchange Corp. (PDEx). The bonds have been rated "PRS Aa plus" with a stable outlook by PhilRatings and are comprised of the following tenors:

- Series A – maturity of 3.5 years and a coupon rate of 6.4222%;
- Series B – maturity of 5.5 years and a coupon rate of 6.9884%; and,
- Series C – maturity of 7 years and a coupon rate of 7.3649%.

In 2022, the Parent Company recognized bond issuance costs amounting to P73,372,369 in relation to the issuance of the first tranche of the bonds which has a carrying amount of P69,417,369 as at December 31, 2022. The bond issuance cost amortization in 2022 amounted to P3,955,000.

The total interest incurred related to the bonds, including amortization of bond issuance cost, amounted to P82,547,408 in 2022 of which P67,102,788 was capitalized as part of real estate inventories and investment properties and P15,444,620 was recognized as interest expense as part of Finance Costs in the consolidated statements of profit or loss.

Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 6.89% to 7.64% in 2022.

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2022, the Parent Company is compliant with the requirements.

17. TRADE AND OTHER PAYABLES

This account is composed of the following:

	Note	2022	2021
Current:			
Unbilled construction costs		**P 10,491,702,481**	P 6,086,771,507
Trade payables		**4,357,836,398**	3,699,864,798
Sales commissions payable		**1,944,995,963**	1,529,749,549
Retention payable		**968,787,106**	698,516,297
Advances from NCI		**467,105,353**	11,641,010
Accrued expenses	15	**282,466,666**	179,239,081
Output VAT		**117,142,226**	96,352,902
Government-related obligations		**99,495,460**	98,835,287
Other payables		**114,104,235**	249,618,060
		18,843,635,888	12,650,588,490
Non-current:			
Retention payable		**172,064,151**	150,281,975
Advance rental		**16,072,805**	16,353,673
Other payables		**6,938,747**	3,141,464
		195,075,703	169,777,112
		P 19,038,711,591	P12,820,365,602

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group. Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the consolidated statements of financial position.

Advances from NCI pertains to noninterest-bearing advances of certain subsidiaries from non-controlling shareholders.

Accrued expenses pertain to accruals for interest, contracted services, security services, professional fees and other recurring accruals in the Group's operations. Current portion of the other payables are mostly construction bonds from various subcontractors.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

18.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time. Presented below are revenues from its major product lines and geographical areas for the years ended December 31, 2022, 2021 and 2020.

	2022				
	Cebu	**Visayas**	**Mindanao**	**Luzon**	**Total**
Sale of real estate units					
Over time	P 5,339,637,015	P 4,335,738,980	P 5,171,981,673	P 7,441,250	P 14,854,798,918
At a point in time	314,907,742	30,553,637	195,896,965	42,979,100	584,337,444
	5,654,544,757	4,366,292,617	5,367,878,638	50,420,350	15,439,136,362
Hotel operations					
Over time	83,418,279	-	-	-	83,418,279
Lease of properties					
Over time	79,277,559	-	-	-	79,277,559
Render of management services					
Over time	46,653,575	135,000	8,677,228	-	55,465,803
	P 5,863,894,170	**P 4,366,427,617**	**P 5,376,555,866**	**P 50,420,350**	**P 15,657,298,003**

	2021				
	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	P 5,968,595,568	P 2,519,430,086	P 2,313,454,074	P -	P 10,801,479,728
At a point in time	117,211,523	32,795,711	29,159,733	15,601,000	194,767,967
	6,085,807,091	2,552,225,797	2,342,613,807	15,601,000	10,996,247,695
Lease of properties					
Over time	74,272,000	-	-	-	74,272,000
Hotel operations					
Over time	48,683,577	-	-	-	48,683,577
Render of management services					
Over time	35,645,074	-	7,322,338	-	42,967,412
	P 6,244,407,742	P 2,552,225,797	P 2,349,936,145	P 15,601,000	P 11,162,170,684

	2020				
	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	P 3,930,384,286	P 1,910,041,689	P 1,781,112,311	P -	P 7,621,538,286
At a point in time	387,048,809	-	99,985,234	37,860,000	524,894,043
	4,317,433,095	1,910,041,689	1,881,097,545	37,860,000	8,146,432,329
Lease of properties					
Over time	55,237,972	-	-	-	55,237,972
Hotel operations					
Over time	54,558,131	-	-	-	54,558,131
Render of management services					
Over time	29,162,597	-	6,709,289	6,720,000	42,591,886
	P 4,456,391,795	P 1,910,041,689	P 1,887,806,834	P 44,580,000	P 8,298,820,318

18.2 *Contract Balance*

The breakdown of contract balances is as follows:

	2022	2021
Contract assets - net	**P 31,979,063,534**	P20,290,305,185
Contract liabilities	**(598,361,867)**	(604,254,603)
Contract assets - net	**P 31,380,701,667**	P19,686,050,582

A reconciliation of the opening and closing balance of Contract Assets is shown below.

	2022	2021
Balance at beginning of year	**P 20,290,305,185**	P13,856,650,495
Performance of property development	**15,220,156,341**	10,857,219,592
Collections	**(2,546,181,039)**	(3,145,156,150)
Transfers to contract receivables	**(985,216,953)**	(1,278,408,752)
Balance at end of year	**P 31,979,063,534**	P20,290,305,185

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. Its classification and presentation in the statement of financial position is based on the Group's estimate of project completion, hence, any change in estimated completion period affects transfers to contracts receivables.

The Group assesses an ECL when the contract assets are initially recognized and updates the assessment at each reporting date based on the analysis determined by management [see Note 31.2*(a)*]. The Group's contract assets as at December 31, 2022 and 2021 are presented in the consolidated statements of the financial position as follows:

	2022	2021
Current	**P 16,208,926,784**	P 6,558,006,000
Non-current	**15,770,136,750**	13,732,299,185
	P 31,979,063,534	P20,290,305,185

A reconciliation of the opening and closing balance of Contract Liabilities is shown in below.

	2022	2021
Balance at beginning of year	**P 604,254,603**	P 532,649,347
Revenue recognized that was included in contract liability at the beginning of year	**(218,980,021)**	(139,028,103)
Increase due to cash received excluding amount recognized as revenue during the year	**213,087,285**	210,633,359
Balance at end of year	**P 598,361,867**	P 604,254,603

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted for and presented as Customers' Deposits in the consolidated statements of financial position. The balance of Customers' Deposits amounts to P120,250,096 and P89,897,007 as at December 31, 2022 and 2021, respectively. Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

18.3 *Transaction Price Allocated to Unsatisfied Performance Obligations*

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2022 and 2021 is P21,166,752,524 and P10,784,939,911, respectively. As of December 31, 2022 and 2021, the Group expects to recognize revenue from unsatisfied contracts as follows:

	2022	2021
Within a year	**P 10,644,823,054**	P 5,826,525,578
More than one year to three years	**10,521,929,470**	4,958,414,333
	P 21,166,752,524	P10,784,939,911

19. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below (see Note 20).

	Notes	2022	2021	2020
Cost of real estate sales:				
Contracted services	20	**P6,542,806,165**	P4,846,649,738	P3,463,826,643
Land	20	**1,126,978,391**	623,070,696	201,523,220
Borrowing costs	20	**460,629,194**	307,427,540	394,329,036
Other costs		**95,620,574**	113,233,414	148,580,875
		8,226,034,324	5,890,381,388	4,208,259,774
Cost of rental services:				
Depreciation		**84,637,886**	42,410,823	39,693,249
Others		**-**	63,259	-
	13	**84,637,886**	42,474,082	39,693,249
Cost of management services:				
Salaries and wages		**24,220,828**	18,716,268	14,537,862
Materials and supplies		**53,709**	23,929	-
		24,274,537	18,740,197	14,537,862
Cost of hotel operations:				
Salaries and wages		**11,235,316**	9,147,270	5,971,450
Materials and supplies		**9,293,657**	5,944,099	6,030,712
Utilities		**4,454,328**	2,366,117	2,535,861
Advertising and promotion		**3,256,197**	572,891	2,532,464
Others		**4,449,304**	2,663,620	2,550,086
		32,688,802	20,693,997	19,620,573
		P 8,367,635,549	P 5,972,289,664	P 4,282,111,458

20. COSTS AND EXPENSES BY NATURE

Details of costs and expenses by nature are shown below.

	Notes	2022	2021	2020
Contracted services	19	**P 6,542,806,165**	P 4,846,649,738	P 3,463,826,643
Land	19	**1,126,978,391**	623,070,696	201,523,220
Commissions	9	**847,167,494**	725,648,666	429,725,150
Salaries and employee benefits	24.1	**540,416,163**	450,644,706	367,040,855
Borrowing costs	7, 15	**460,629,194**	307,427,540	394,329,036
Taxes and licenses		**323,092,809**	352,965,277	166,834,481
Depreciation and amortization	11, 12, 13, 14	**170,626,662**	121,798,863	104,119,622
Repairs and maintenance		**87,599,940**	19,427,792	20,918,624
Advertising		**71,973,193**	43,175,289	44,096,688
Utilities		**50,536,408**	37,931,503	34,342,361
Transportation and travel		**40,131,671**	13,040,272	20,397,177
Security services		**35,588,415**	19,179,307	14,995,988
Association dues		**34,626,976**	19,337,420	6,193,550
Representation and entertainment		**33,552,413**	20,694,266	17,119,169
Hotel operations		**32,688,802**	20,693,997	31,545,278
Professional and legal fees		**29,603,118**	55,365,530	115,756,965
Insurance		**27,249,959**	18,401,367	12,209,359
Rent	12.3, 29.2	**24,410,422**	23,699,072	18,441,626
Supplies		**21,027,969**	12,178,787	16,205,708
Subscription and membership dues		**14,108,468**	15,313,005	8,845,166
Donations		**13,629,849**	110,667,997	15,427,666
Management fee		**11,767,780**	7,965,205	11,924,705
Communications		**8,540,822**	10,374,788	8,931,604
Trainings and seminars		**1,463,617**	880,012	453,611
Others		**186,351,802**	46,097,279	22,828,065
		P 10,736,568,502	P 7,922,628,374	P 5,548,032,317

These costs and expenses are classified in the consolidated statements of profit or loss as follows:

	Note	2022	2021	2020
Cost of sales and services	19	**P 8,367,635,549**	P 5,972,289,664	P 4,282,111,458
Operating expenses		**2,368,932,953**	1,950,338,710	1,265,920,859
		P 10,736,568,502	P 7,922,628,374	P 5,548,032,317

21. OTHER OPERATING INCOME AND OTHER LOSSES

21.1 Other Operating Income

This account is composed of the following:

	Note	2022	2021	2020
Administrative charges		**P 91,633,272**	P 67,830,520	P 29,841,918
Move-in fee income		**38,348,832**	41,299,914	-
Water service fee		**14,260,920**	11,150,077	9,019,740
Documentation fee		**13,604,956**	11,045,486	7,591,518
Sponsorships		**7,957,554**	2,125,098	-
Late payment penalties charged to customers		**7,524,767**	2,612,361	5,718,465
Foreign exchange gains		**6,454,820**	2,108,206	2,484,376
Utilities charged to tenants		**5,612,043**	6,660,345	3,647,996
Scrap sales		**3,389,340**	3,837,069	-
Referral incentive		**2,240,129**	609,488	75,728
Reversal of payables		**40,320**	61,973,774	6,486,587
Concession income		**-**	1,733,355	1,803,088
Gain on remeasurement of investment in associates	10(b)	**-**	32,438,511	-
Others		**11,475,800**	11,804,986	1,928,404
		P 202,542,753	P 257,229,190	P 68,597,820

Administrative charges include standard fees charged to the buyers and non-refundable portion of the buyers' payment upon withdrawal from sale.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Reversal of payables pertains to outstanding payables related to cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay. This also includes income from the write-off of long-outstanding unidentified deposits.

21.2 Other Losses

This account is composed of the following:

	2022	2021	2020
Foreign exchange losses	**P 8,205,863**	P 2,716,588	P 839,657
Loss (gain) on sale of assets - net	**(128,365)**	16,577	-
Losses due to typhoon	**-**	129,839,360	-
	P 8,077,498	P 132,572,525	P 839,657

Losses due to typhoon pertain to the damages of CLI and certain subsidiaries sustained from a typhoon Odette which affected its projects and properties in Cebu (see Note 36).

22. FINANCE COSTS

This is composed of the following:

	Notes	2022	2021	2020
Interest expense on:				
Loans	15	**P 259,475,530**	P 196,904,919	P 8,677,442
Bonds	16	**15,444,620**	-	-
Lease liabilities	12.4	**75,629,879**	67,139,552	57,127,820
Post-employment defined benefit obligation	24.2	**241,469**	24,537	-
Day one loss, net of amortization of day one loss on non-current contract receivables		**257,332**	-	-
		P 351,048,830	P 264,069,008	P 65,805,262

Interest expense on loans is the portion not capitalized as part of real estate inventory (see Notes 7 and 15).

23. FINANCE INCOME

This is composed of the following:

	Notes	2022	2021	2020
Interest income on banks	5	**P 14,664,879**	P 6,528,935	P 8,701,101
Amortization of day one loss on non-current contract receivables - net	6	**-**	1,160,937	30,761,435
Others		**154,487**	-	245,725
		P 14,819,366	P 7,689,872	P 39,708,261

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2022	2021	2020
Short-term employee benefits		**P 532,585,085**	P 446,017,809	P 369,487,729
Post-employment defined benefit expense (income)	24.3	**4,825,238**	4,626,897	(2,446,874)
Share options	24.2, 27.3	**3,005,840**	-	-
	20	**P 540,416,163**	P 450,644,706	P 367,040,855

24.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the Operating Expenses account in the consolidated statements of profit or loss, amounted to P3,005,840 (see Note 24.1), while the corresponding cumulative credit to Share Options Outstanding account is presented under the Equity section of the consolidated statements of financial position (see Note 27.3).

24.3 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank manages the fund in coordination with the Group's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

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

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2022 and 2021.

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

	2022	2021
Present value of the obligation	**P 44,024,728**	P 40,124,208
Fair value of plan assets	**(34,634,633)**	(35,370,879)
	P 9,390,095	P 4,753,329

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented below.

	2022	2021
Balance at beginning of year	**P 40,124,208**	P 35,484,952
Current service cost	**4,583,769**	4,602,360
Interest cost	**2,038,310**	1,401,656
Benefits paid	**(765,844)**	(59,660)
Remeasurements – actuarial losses (gains) arising from:		
Changes in financial assumptions	**(4,166,909)**	2,431,649
Experience adjustments	**2,211,194**	(1,316,633)
Changes in demographic assumptions	**-**	(2,420,116)
Balance at end of year	**P 44,024,728**	P 40,124,208

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

	2022	2021
Balance at beginning of year	**P 35,370,879**	P 34,863,768
Interest income	**1,796,841**	1,377,119
Return on plan assets (excluding amounts included in net interest)	**(2,533,087)**	(870,008)
Balance at end of year	**P 34,634,633**	P 35,370,879

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	2022	2021
Cash and cash equivalents	**P 84,245**	P 56,593
Receivables	**38,919**	449,210
Unitized investment funds	**29,623,378**	27,967,755
Government debt securities	**4,888,091**	6,897,321
	P 34,634,633	P 35,370,879

The fair values of the above unitized investment funds and government debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized losses of P2,533,087, P870,008, and P1,040,784 in 2022, 2021 and 2020, respectively.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	2022	2021	2020
Recognized in profit or loss			
Current service cost - net	**P 4,583,769**	P 4,602,360	(P 2,201,149)
Net interest expense (income) on defined benefit obligation	**241,469**	24,537	(245,725)
	P 4,825,238	P 4,626,897	(P 2,446,874)
Recognized in other comprehensive income			
Actuarial losses (gains) arising from changes in:			
Experience adjustments	**P 2,211,194**	(P 1,316,633)	P 44,456,648
Financial assumptions	**(4,166,909)**	2,431,649	2,395,087
Loss on plan assets (excluding amounts included in net interest expense)	**2,533,087**	870,008	1,040,784
Demographic assumptions	**-**	(2,420,116)	(38,900,877)
	P 577,372	(P 435,092)	P 8,991,642

The net interest expense (income) is included in Finance Costs (Income) in profit or loss (see Notes 22 and 23).

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 defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2022	2021	2020
Discount rates	**7.22%**	5.08%	3.95%
Salary increase rates	**7.00%**	7.00%	7.00%

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 25 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 post-employment 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 risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation 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. Due to the long-term nature of the plan obligation, a level of continuing equity 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 defined benefit obligation 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 as follows:

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	Impact on Post-employment Defined Benefit Obligation		
	Changes in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2022			
Discount rate	**+/-1.0%**	**(P 1,499,020)**	**P 1,759,621**
Salary increase rate	**+/-1.0%**	**1,745,813**	**(1,514,962)**
December 31, 2021			
Discount rate	+/-1.0%	(P 1,758,332)	P 2,114,346
Salary increase rate	+/-1.0%	2,051,714	(1,744,371)

In addition, assuming there are no attrition rates, the increase in post-employment defined benefit obligation would be P64,956,547 and P84,572,943 for the years ended December 31, 2022 and 2021, respectively.

The foregoing 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 defined benefit obligation 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 defined benefit obligation 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 defined benefit obligation 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 Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities 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 post-employment 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 Group does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	2022	2021
Within one year	**P 31,203,897**	P 23,208,680
More than one year to five years	**10,454,910**	12,449,260
More than five years to ten years	**11,154,743**	9,975,732
	P 52,813,550	P 45,633,672

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.7 years.

25. CURRENT AND DEFERRED TAXES

On March 26, 2021, RA No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group.

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company and the subsidiaries, was lower by P11,812,475 than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P280,801,696 and such was recognized in the 2021 profit or loss and in other comprehensive income.

The Group was registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Group enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Group has 10 and 17 registered projects with BOI as of December 31, 2022 and 2021, respectively.

The components of tax expense relating to profit or loss and other comprehensive loss (income) are as shown below.

	2022	2021	2020
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax at 25% in 2022 and 2021 and 30% in 2020	**P 173,257,102**	P 81,211,577	P 147,796,447
Minimum corporate income tax at 1% in 2022 and 2021 and 2% in 2020	**2,061,395**	-	874,408
Final income tax	**2,915,541**	1,212,829	1,785,428
Adjustment in 2020 income taxes due to change in income tax rates	**-**	(11,812,475)	-
	178,234,038	70,611,931	150,456,283
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	**981,479,199**	643,829,225	565,397,304
Effect of the change in income tax rate	**-**	(281,722,112)	-
	981,479,199	362,107,113	565,397,304
	P1,159,713,237	P 432,719,044	P 715,853,587

	2022	2021	2020
Reported in other comprehensive income:			
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	**(P 144,343)**	P 108,773	(P 2,697,492)
Effect of the change in income tax rate	**-**	920,416	-
	(P 144,343)	P 1,029,189	(P 2,697,492)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of profit or loss is presented below.

	2022	2021	2020
Tax on pretax profit at 25% in 2022 and 2021, and 30% in 2020	**P 1,191,901,096**	P 775,897,665	P 837,474,272
Adjustments for income subject to lower tax rate	**(749,364)**	(318,128)	(823,490)
Effect of the change in income tax rate	**-**	(293,534,597)	-
Tax effects of:			
Tax-exempt real estate sales	**(31,596,098)**	(60,528,608)	(127,041,518)
Non-deductible expenses	**7,015,969**	8,500,064	4,867,412
Changes in unrecognized deferred tax assets	**(6,858,366)**	2,702,648	1,376,911
Tax expense	**P1,159,713,237**	P 432,719,044	P 715,853,587

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

	2022	2021
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	**P 3,314,825,173**	P 2,153,017,177
Rental income	**5,515,232**	5,819,005
Post-employment defined benefit asset	**875,788**	(849,057)
Others	**11,541**	107,066
	P 3,321,227,734	2,158,094,191
Deferred tax assets:		
Sales commissions	**(216,383,222)**	(70,783,803)
Net operating loss carry-over (NOLCO)	**(34,044,857)**	(14,392,568)
Net lease liabilities	**(33,211,533)**	(21,120,420)
Post-employment defined benefit obligation	**(2,070,585)**	875,787
Unamortized past service cost	**(1,774,557)**	(2,046,702)
Allowance for impairment	**(464,599)**	-
MCIT	**(327,168)**	-
Employee stock option	**(115,908)**	-
Others	**(873,965)**	-
	(289,266,394)	(107,467,706)
	P 3,031,961,340	P 2,050,626,485

The components of deferred tax expense (income) are as follows:

	Consolidated Statements of Profit or Loss			Consolidated Statements of Comprehensive Income		
	2022	2021	2020	**2022**	2021	2020
Deferred tax liabilities:						
Difference between tax reporting base and financial reporting base used in sales recognition	**P1,078,452,609**	P 335,614,825	P 658,068,216	**P -**	P -	P -
Rental income	**621,241**	2,489,526	265,887	**-**	-	-
Post-employment defined benefit asset	**(2,802,029)**	(1,061,941)	(1,564,191)	**-**	-	-
Allowance for impairment	**(314,425)**	(30,610)	30,610	**-**	-	-
Others	**(2,214,351)**	(278,254)	385,320	**-**	-	-
Deferred tax assets:						
Sales commissions	**(60,477,471)**	46,547,593	(78,877,057)	**-**	-	-
Net lease liabilities	**(12,160,455)**	(11,017,733)	(8,642,694)	**-**	-	-
NOLCO	**(21,179,834)**	(10,891,790)	(1,333,186)	**-**	-	-
MCIT	**(327,169)**	-	-	**-**	-	-
Unamortized past service cost	**272,146**	888,899	(2,935,601)	**-**	-	-
Employee stock options	**(115,908)**					
Post-employment defined benefit obligation	**1,724,845**	(153,402)	-	**(144,343)**	1,029,189	(2,697,492)
Deferred tax expense (income)	**P 981,479,199**	P 362,107,113	P 565,397,304	**(P 144,343)**	P 1,029,189	(P 2,697,492)

NOLCO can be claimed as deduction from future taxable income within three and five years from the year the taxable loss was incurred. In accordance with RA 11494 Bayanihan to Recover as One Act 2, NOLCO incurred in 2021 and 2020 by certain subsidiaries can be claimed as deduction from the gross income until 2026 and 2025, respectively. Details of the Group's NOLCO are shown below.

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2022	P 115,783,317	P -	P -	P 115,783,317	2025
2021	84,075,238	(12,992,024)	-	71,083,214	2026
2020	33,422,697	(9,362,012)	-	24,060,685	2025
2019	50,554,813	(37,282,369)	(13,272,444)	-	2022
	P 283,836,065	(P 59,636,405)	(P 13,272,444)	P 210,927,216	

The Group has deferred tax assets related to NOLCO of P17,463,815 and P36,909,098 as at December 31, 2022 and 2021, respectively, which were not recognized because the subsidiaries to which such are attributable may not be able to generate enough taxable profit yet within the validity period of NOLCO for the assets to be recovered. As at December 31, 2022, only the Parent Company, MDC, CPM, ASF, CPH, BL Ventures, YES, MGRI, YHES, YHEST, El Camino, and GGTT are subject to MCIT which is computed at the applicable rate (1% in 2022 and 2021, respectively) of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. Other components of the Group are not yet subject to MCIT as those have not operated beyond four taxable years. The Group reported MCIT amounting to P2,061,395 and P12,237,602 in 2022 and 2021, respectively.

The Group opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction. Furthermore, it opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2022, 2021 and 2020.

26. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, shareholders, the Group's key management personnel, its retirement fund and others as described in Note 2.19. A summary of the Group's transactions and outstanding balances with related parties is presented below.

		Amount of Transaction			Outstanding Balance	
	Note	**2022**	2021	2020	**2022**	2021
Ultimate Parent Company						
Real estate sales	26.2	**(P 4,589,149)**	P 96,272,362	P 41,538,000	**P 75,822,632**	P 80,411,781
Entities under Common Ownership						
Net advances (collections)	26.1	**(22,000,465)**	35,500,674	11,953,583	**35,401,209**	57,401,674
Associates						
Net advances (collections)	26.1	**368,535**	(16,907)	49,504	**401,132**	32,597
Key Management Personnel						
Real estate sales	26.3	**(3,212,399)**	52,101,000	39,075,750	**53,973,659**	57,186,058
Compensation	26.4	**149,885,801**	122,750,352	94,966,157	**-**	-

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at December 31, 2022 and 2021. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions are discussed below.

26.1 Advances to Related Parties

The Group grants cash advances to shareholders, entities under common ownership and associates. An analysis of such advances in 2022 and 2021 is presented below.

	Entities Under Common Ownership	Associates	Total
Balance at January 1, 2022	**P 57,401,674**	**P 32,597**	**P 57,434,271**
Additional advances	**-**	**368,535**	**368,535**
Collections	**(22,000,465)**	**-**	**(22,000,465)**
Balance at December 31, 2022	**P 35,401,209**	**P 401,132**	**P 35,802,341**
Balance at January 1, 2021	P 21,901,000	P 49,504	P 21,950,504
Additional advances	35,500,674	-	35,500,674
Collections	-	(16,907)	(16,907)
Balance at December 31, 2021	P 57,401,674	P 32,597	P 57,434,271

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Due from related parties in the consolidated statements of financial position.

26.2 Real Estate Sales to Ultimate Parent Company

In 2022, 2021, and 2020, CLI sold condominium units to ABS totaling P15,445,769, P96,272,362 and P41,538,000, respectively. The outstanding balance related to these transactions amounted to P75,822,632 and P80,411,781 as at December 31, 2022 and 2021, respectively, and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

26.3 Real Estate Sales to Key Management Personnel

In 2022, 2021 and 2020, CLI sold condominium units totaling P34,868,415, P52,101,000, and P39,075,750, respectively, to key management personnel. The outstanding balance related to these transactions amounts to P53,973,659 and P57,186,058 as at December 31, 2022 and 2021, respectively. These are presented as part of Contract receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

26.4 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2022, 2021 and 2020 is shown below.

	2022	2021	2020
Short-term benefits	P 141,949,540	P 121,082,068	P 90,246,704
Post-employment benefits	4,930,421	1,668,284	4,719,453
Share options	3,005,840	-	-
	P 149,885,801	P 122,750,352	P 94,966,157

26.5 Retirement Fund

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2022 and 2021 consists of the contributions to the plan and interest earned (see Note 24.3). The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

27. EQUITY

27.1 Capital Stock

Details of the Parent Company's authorized capital stock as of December 31, 2022 and 2021 are as follows:

	Shares		Amount	
	2022	2021	2022	2021
Preferred shares – P0.10 par value Authorized	1,000,000,000	1,000,000,000	P 100,000,000	P 100,000,000
Common shares – P1.00 par value Authorized	10,000,000,000	10,000,000,000	P10,000,000,000	P 10,000,000,000

	Shares		Amount	
	2022	2021	2022	2021
Issued:				
Balance at beginning of year	3,623,451,997	1,714,000,000	P 3,623,451,997	P 1,714,000,000
Stock dividends	-	1,909,451,997	-	1,909,451,997
Balance at end of year	3,623,451,997	3,623,451,997	3,623,451,997	3,623,451,997
Treasury shares:				
Balance at beginning of year	(161,600,000)	(159,000,400)	(748,171,901)	(732,851,016)
Reissued during the year	3,349,470	-	15,507,297	-
Acquisitions during the year	-	(2,599,600)	-	(15,320,885)
Balance at end of year	(158,250,530)	(161,600,000)	(732,664,604)	(748,171,901)
Issued and outstanding	3,465,201,467	3,461,851,997	P 2,890,787,393	P 2,875,280,096

As disclosed in Note 1.1, the Parent Company had a successful IPO of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000 on June 2, 2017. Accordingly, the Parent Company recognized additional paid-in capital of P1,608,917,974 in the consolidated statements of financial position after deducting the related share issuance costs of P111,082,026.

On November 24, 2020, the Parent Company's BOD approved the proposed increase in its authorized common stock from P2,400,000,000, divided into 2,400,000,000 common shares with a par value of P1.00 per share to P10,000,000,000, divided into 10,000,000,000 common shares with a par value of P1.00 per share. Relative to the increase in authorized common stock, on the same date, the Parent Company's BOD approved to declare stock dividends, subject to the approval of the stockholders, of at least 1,900,000,000 or such number of common shares as sufficient to pay the required subscription to the increase in the authorized common stock and as necessary to avoid fractional shares, to be issued to stockholders of record as of the record date fixed and approved by the SEC, and to be paid on such payment date as shall be fixed by the BOD after the determination of the record date. The increase in the authorized common stock and declaration of stock dividends were approved by the Parent Company's stockholders on February 26, 2021.

On May 21, 2021, the SEC approved the Parent Company's application for the increase of authorized capital stock and declaration of stock dividends, and subsequently approved by the PSE on July 6, 2021.

On July 14, 2021, the Parent Company distributed stock dividends of 1,909,451,997 common shares with a par value of P1.00 or P1,909,451,997.

As at December 31, 2022 and 2021, common shares issued is 3,623,451,997 which amounts to P3,623,451,997. There is no issued preferred stock as at December 31, 2022 and 2021.

The share price of the Parent Company's common stock closed at P2.80 and P3.00 per share on December 29, 2022 and December 31, 2021, respectively, the last trading day in the PSE for 2022 and 2021.

The Group has no other listed securities as at December 31, 2022 and 2021.

27.2 Treasury Shares

An analysis of treasury shares as of December 31, 2022 and 2021, respectively is shown below.

	Shares		Amount	
	2022	2021	**2022**	2022
Balance at beginning of year	**161,600,000**	159,000,400	**P 748,171,901**	P 732,851,016
Reissued during the year	**(3,349,470)**	-	**(15,507,297)**	-
Reacquired during the year	**-**	2,599,600	**-**	15,320,885
Balance at end of year	**158,250,530**	161,600,000	**P 732,664,604**	P 748,171,901

On February 27, 2018, the BOD of the Parent Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 2022, qualified employees started exercising their stock options (see Note 27.1).

On March 27, 2020, the BOD of the Parent Company approved an additional P500,000,000 stock buy-back program for its valuation plans over the next two years.

In relation to this program, the Parent Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,885 and P485,657,205, respectively, and presented them as Treasury Stock in the consolidated statement of financial position. No additional shares reacquired in 2022.

In 2022, the Parent Company has reissued 3,349,470 treasury shares as a result of exercise of the same number of stock options (Note 27.3).

As at December 31, 2022 and 2021, total reacquired shares totals 158,250,530 and 161,600,000, respectively, which amounts to P732,664,604 and P748,171,901, respectively.

The common stock of the Parent Company that is held under nominee accounts totaled 1,307,052,405 shares and 1,310,696,135 shares as of December 31, 2022 and 2021, respectively. This represents 36% of the Parent Company's outstanding shares as of December 31, 2022 and 2021.

27.3 Employee Share Option

On October 6, 2021, the BOD of the Parent Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Parent Company at a price of P2.25 or current market price with a 15% discount, whichever is higher. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees.

Pursuant to this ESOP, on January 5, 2022, the Parent Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the Parent Company, with the following vesting period.

- The 1st 25% of the options granted can be exercised immediately upon the year of grant;
- The 2nd 25% of the options granted can be exercised one year after the options were granted;

- The 3rd 25% of the options granted can be exercised two years after the options were granted; and,
- The last 25% of the options granted can be exercised three years after the options were granted.

A total of 3,349,470 share options were exercised at a price of P2.40 per share in 2022 using the Parent Company treasury shares (see Note 27.2).

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Average option life	2.5 years
Average share price at grant date	P 2.86
Average exercise price at grant date	P 2.43
Average fair value at grant date	P 0.15
Average standard deviation of share price returns	20.17 %
Average dividend yield	14.95 %
Average risk-free investment rate	2.59 %

The underlying expected volatility was determined by reference to historical prices of the Parent Company's shares over a period of five years.

Share option benefits expense, which is included as part of Salaries and employee benefits under the Operating Expenses account, amounting to P3,005,840 was recognized in 2022 (see Note 24.2), while the corresponding credit to Share Options Outstanding account is presented as part of Equity Attributable to Owners of the Parent Company under the Equity section of the consolidated statements of financial position.

27.4 Revaluation Reserves

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

	Notes	**2022**	2021	2020
Balance at beginning of year		**(P 13,477,472)**	(P 12,883,375)	(P 6,589,225)
Other comprehensive income:				
Gain (loss) on remeasurement of post-employment defined benefit obligation	24.2	**(577,372)**	455,092	(8,991,642)
Tax income	25	**144,343**	(1,029,189)	2,697,492
		(433,029)	(594,097)	(6,294,150)
Balance at end of period		**(P 13,910,501)**	(P 13,477,472)	(P 12,883,375)

27.5 Retained Earnings

(a) Cash Dividends

On February 19, 2020, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P414,795,000 to stockholders on record as of April 3, 2020 and was paid on April 30, 2020.

On March 15, 2021, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P388,749,900 to stockholders on record as of April 16, 2021 and was paid on May 10, 2021.

On March 15, 2022, the Parent Company's BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P519,780,221 to stockholders on record as of April 22, 2022 and were paid on May 17, 2022.

(b) *Appropriations*

The movements of the appropriated retained earnings in 2022 are shown below.

Purpose	January 1, 2022	Additions	Reversals	December 31, 2022
Funding of CLI's projects:				
Casa Mira Towers Mandaue	P 87,799,633	P -	(P 87,799,633)	P -
Cebu Business Park Office	32,762,848	-	(32,762,848)	-
Mactan Lowaii Project/ Costa Mira Beachtown Mactan	29,141,419	551,585,305	(29,141,419)	551,585,305
Casa Mira and Velmiro Homes Davao	22,346,012	-	(22,346,012)	-
Masters Tower	-	623,204,982	-	623,204,982
Casa Mira Towers Bacolod	-	567,099,274	-	567,099,274
Mivela Garden Residences	-	407,113,996	-	407,113,996
Abaca Resort Mactan	-	392,233,257	-	392,233,257
Patria de Cebu	-	338,758,725	-	338,758,725
Casa Mira Towers Guadalupe	-	274,708,994	-	274,708,994
Casa Mira Towers LPU	-	271,901,531	-	271,901,531
Casa Mira Towers CDO	-	270,133,666	-	270,133,666
Velmiro Homes Consolacion	-	234,736,163	-	234,736,163
Balance at end of year	P 172,049,912	P3,931,475,893	(P 172,049,912)	P 3,931,475,893

The movements of the appropriated retained earnings in 2021 are shown below.

Purpose	January 1, 2021	Reversals	December 31, 2021
Funding of CLI's projects:			
Mivela Garden Residences	P 500,000,000	(P 500,000,000)	P -
Casa Mira Towers Mandaue	500,000,000	(412,200,367)	87,799,633
Casa Mira and Velmiro Homes Davao	400,000,000	(377,653,988)	22,346,012
Cebu Business Park Office/ Hotel Tower	364,269,107	(331,506,259)	32,762,848
Abaca Resort Mactan	148,209,601	(148,209,601)	-
Mactan Lowaii Project	72,216,550	(43,075,131)	29,141,419
Velmiro Heights Teakwood	64,809,365	(64,809,365)	-
	2,049,504,623	(1,877,454,711)	172,049,912
Distribution of stock dividends	1,900,000,000	(1,900,000,000)	-
Balance at end of year	P 3,949,504,623	(P 3,777,454,711)	P 172,049,912

On December 6, 2022, the Parent Company's BOD approved the appropriation of P3,931,475,893 retained earnings for various projects for capital expenditures, financing costs, and other related development costs.

Details of the appropriation are as follows:

i. P623,204,982 for the on-going development of Masters Tower, which commenced in the second quarter of 2021 and is expected to be completed by fourth quarter of 2025;

ii. P567,099,274 for the on-going development of Casa Mira Towers Bacolod Tower 1 and Tower 2. The on-going development commenced in the first quarter of 2022 and is expected to be completed by the third quarter of 2025;

iii. P551,585,305 for the on-going development of Costa Mira Beachtown Mactan, which commenced in the third quarter of 2022 and is expected to be completed by second quarter of 2026;

iv. P407,113,996 for the on-going development of Mivela Garden Residences, which commenced in the second quarter of 2020 and is expected to be completed by second quarter of 2023;

v. P392,233,257 for the on-going development of Abaca Resort Mactan, which commenced in the third quarter of 2021 and is expected to be completed by fourth quarter of 2024;

vi. P338,758,725 for the on-going development of Patria de Cebu, which commenced in the fourth quarter of 2019 and is expected to be completed by second quarter of 2024;

vii. P274,708,994 for the on-going development of Casa Mira Towers Guadalupe. The Casa Mira Towers Guadalupe is composed of three towers. Tower 1 commenced in the third quarter of 2018 and is expected to be completed by first quarter of 2023. Tower 2 commenced in the fourth quarter of 2020 and is expected to be completed by third quarter of 2023. Tower 3 commenced in the third quarter of 2021 and is expected to be completed by fourth quarter of 2024;

viii. P271,901,531 for the on-going development of Casa Mira Towers – LPU, which commenced in the second quarter of 2021 and is expected to be completed by second quarter of 2023;

ix. P270,133,666 for the on-going development of Casa Mira Towers CDO, which commenced in the third quarter of 2019 and is expected to be completed by fourth quarter of 2022; and

x. P234,736,163 for the development of Velmiro Homes Consolacion. The project is expected to commence in the first quarter of 2023 and is expected to be completed by first quarter of 2027.

In 2022 and 2021, the Parent Company released the appropriated retained earnings in 2021 and 2020 for funding of certain projects amounting to P172,049,912 and P1,877,454,711, respectively, to unrestricted retained earnings after partial fulfillment of its intended purpose. Moreover, appropriated retained earnings of P1,900,000,000 in 2021 was released to unappropriated retained earnings after the distribution of stock dividends by the Parent Company on July 14, 2021.

On November 24, 2020, the BOD approved the appropriation of P3,300,000,000 retained earnings for various projects. Details of the appropriation are as follows:

- P1,900,000,000 is intended for the Parent Company's proposed increase in authorized common stock and of which portion will be issued through stock dividend. (see Note 27.1)

- P1,400,000,000 for the capital expenditures, financing costs, and other related development costs of certain projects that the Parent Company expects to incur in 2021 with details below:

  i. P400,000,000 for the on-going development of the Casa Mira and Velmiro Homes Davao projects. Project developments commenced in December 2019 and are expected to be completed by fourth quarter of 2023.

  ii. P500,000,000 for the on-going development of Mivela Garden Residences. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

  iii. P500,000,000 for the on-going development of Casa Mira Towers Mandaue. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

27.6 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at December 31, 2022, 2021 and 2020 are as follows.

	NCI Ownership %			**NCI Equity in Subsidiaries**		
Subsidiaries	**2022**	2021	2020	**2022**	2021	2020
YHEST	**50%**	50%	50%	**P 3,875,590,923**	P 3,706,027,295	P 3,715,725,255
El Camino	**65%**	65%	65%	**1,122,368,628**	1,113,400,062	1,060,345,832
CHDI	**50%**	50%	50%	**786,666,552**	672,519,752	654,584,882
YHES	**50%**	50%	50%	**686,512,645**	605,533,074	540,728,657
GGTT	**50%**	50%	-	**267,015,020**	90,043,506	-
YES	**50%**	50%	50%	**181,981,225**	243,297,814	294,725,960
CLI-LITE	**12%**	12%	-	**124,588,359**	124,729,968	-
CBLRV	**50%**	50%	50%	**105,222,808**	98,733,293	99,432,604
MGR	**55%**	55%	55%	**101,114,684**	172,090,942	279,378,963
CCLI	**50%**	50%	50%	**91,485,695**	96,831,317	105,051,470
BL Ventures	**50%**	50%	50%	**74,398,398**	128,164,739	145,666,074
SPE	**36%**	36%	-	**14,296,286**	(18,518,426)	-
MDC	**22%**	22%	-	**79,813,515**	59,453,985	-
				P 7,511,051,738	P 7,092,307,321	P 6,895,639,697

The analysis of the movement of NCI as at December 31, 2022, 2021 and 2020 are as follows.

	2022	2021	2020
Balance at beginning of year	**P 7,092,307,321**	P 6,895,639,697	P 6,056,029,905
Share in net profit during the year	**437,003,407**	57,934,293	229,607,588
Dividends	**(79,900,000)**	(88,000,000)	(37,500,000)
New and additional investments	**61,641,010**	226,733,331	647,502,204
Balance at end of year	**P 7,511,051,738**	P 7,092,307,321	P 6,895,639,697

In 2022, a non-controlling shareholder of SPE contributed P41,641,010 as additional investment. This includes P11,641,010 advanced in 2021 under Trade and other payables and reclassified as equity in April 2022. Additionally, non-controlling shareholders of MDC contributed cash of P20,000,000 in 2022. In the same year, MGR and BL Ventures declared cash dividends amounting to P130,000,000 and P16,800,000, respectively, of which P71,500,000 and P8,400,000 is payable to non-controlling shareholders.

As at December 31, 2021, CLI's acquisition of GGTT was accounted for as an acquisition of a business as it already commenced commercial operations in 2021 (see Note 1). Thus, the pre-existing contribution of GGTT's non-controlling stockholders amounting to P50,000,000 was accounted as an additional investment during the year. In addition, non-controlling shareholders of CLI-LITE contributed cash totalling P252,725,000 as paid-in capital upon its incorporation in July 2021.

In 2021, MGR declared total cash dividends of P160,000,000 of which P88,000,000 is payable to non-controlling shareholders.

In 2020, CBLRV was incorporated with paid-in capital from non-controlling stockholders amounting to P100,002,200. Other significant activities of the Group's NCI in 2020 are as follows:

- CHDI's non-controlling shareholders contributed cash of P430,000,000 as paid-in capital.
- CCLI's deposits for future share subscription from non-controlling shareholders amounting to P20,000,001 was transferred to capital stock after compliance of SEC requirements of the reclassification.
- El Camino's non-controlling shareholders contributed cash amounting to P97,500,002 as additional capital; and,
- YES declared a cash dividend of P20,000,000 in September 2020 and of which P10,000,000 was paid to non-controlling shareholders.

Significant information on the financial position and financial performance of YHEST as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P4,123,628,226**	P2,215,752,383
Non-current assets	**3,372,951,634**	3,751,960,049
Total assets	**P7,496,579,860**	P5,967,712,432

	2022	2021
Current liabilities	**P 930,337,608**	P 98,663,124
Non-current liabilities	**91,670,042**	(6,395,339)
Total liabilities	**P1,022,007,650**	P 92,267,785
Revenues	**P 868,396,211**	P -
Net profit	**P 339,127,564**	(P 19,396,226)
Other comprehensive income	**-**	-
Total comprehensive income	**P 339,127,564**	(P 19,396,226)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**P 169,563,782**	(P 9,698,113)
Non-controlling interests	**169,563,782**	(9,698,113)
Net loss	**P 339,127,564**	(P 19,396,226)

Significant information on the financial position and financial performance of El Camino as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P3,265,471,837**	P3,768,937,784
Non-current Assets	**2,368,266,476**	2,305,807,154
Total assets	**P5,633,738,313**	P6,074,744,938
Current liabilities	**P1,437,453,690**	P1,948,151,718
Non-current liabilities	**2,469,023,658**	2,413,130,052
Total liabilities	**P3,906,484,045**	P4,361,281,770
Revenues	**P 408,514,109**	P 726,343,098
Net profit	**P 13,797,794**	P 81,621,893
Other comprehensive income	**-**	-
Total comprehensive income	**P 13,797,794**	P 81,621,893

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**P 4,829,228**	P 28,567,663
Non-controlling interests	**8,968,566**	53,054,230
Net profit	**P 13,797,794**	P 81,621,893

Significant information on the financial position and financial performance of CHDI as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P3,619,552,664**	P3,161,482,353
Non-current Assets	**682,792,917**	18,913,837
Total assets	**P4,302,345,581**	P3,180,396,190
Current liabilities	**P2,090,465,890**	P1,657,531,211
Non-current liabilities	**638,546,595**	177,825,482
Total liabilities	**P2,729,012,485**	P1,835,356,693
Revenues	**P 844,564,708**	P 176,756,441
Net profit	**P 228,293,599**	P 35,869,739
Other comprehensive income	**-**	-
Total comprehensive income	**P 228,293,599**	P 35,869,739

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**P 114,146,799**	P 17,934,870
Non-controlling interests	**114,146,800**	17,934,869
Net profit	**P 228,293,599**	P 35,869,739

Significant information on the financial position and financial performance of YHES as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P1,486,953,404**	P1,951,443,450
Non-current Assets	**2,939,090,975**	752,918,167
Total assets	**P4,426,044,379**	P2,704,361,617
Current liabilities	**P1,865,621,402**	P 953,031,316
Non-current liabilities	**1,187,137,129**	540,071,622
Total liabilities	**P3,052,758,531**	P1,493,102,938
Revenues	**P 622,016,164**	P 342,152,332
Net profit	**P 162,027,169**	P 129,664,463
Other comprehensive income	**-**	-
Total comprehensive income	**P 162,027,169**	P 129,664,463

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**P 81,013,584**	P 64,832,232
Non-controlling interests	**81,013,585**	64,832,231
Net profit	**P 162,027,169**	P 129,664,463

Significant information on the financial position and financial performance of YES as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P 951,126,375**	P 1,467,120,104
Non-current Assets	**26,757,666**	111,356,246
Total assets	**P 977,884,041**	P 1,578,476,350
Current liabilities	**P 478,859,125**	P 932,716,673
Non-current liabilities	**135,062,460**	159,164,043
Total liabilities	**P 613,921,585**	P 1,091,880,716
Revenues	**P 166,545,780**	P 27,963,542
Net loss	**(P 122,633,178)**	(P 102,856,292)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 122,633,178)**	(P 102,856,292)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**(P 61,316,589)**	(P 51,428,146)
Non-controlling interests	**(61,316,589)**	(51,428,146)
Net loss	**(P 122,633,178)**	(P 102,856,292)

Significant information on the financial position and financial performance of MGR as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P 260,752,900**	P 637,568,406
Non-current Assets	**861,935**	679,432
Total assets	**P 261,614,835**	P 638,247,838
Current liabilities	**P 53,427,339**	P 241,397,387
Non-current liabilities	**20,967,615**	80,582,830
Total liabilities	**P 74,394,954**	P 321,980,217

	2022	2021
Revenues - net	**(P 26,999,881)**	(P 12,991,772)
Net loss (profit)	**P 952,259**	(P 35,069,128)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 952,259**	(P 35,069,128)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**P 428,517**	(P 15,781,108)
Non-controlling interests	**523,742**	(19,288,020)
Net income (loss)	**P 952,259**	(P 35,069,128)

Significant information on the financial position and financial performance of BL Ventures as at and for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P 152,023,688**	P 484,676,774
Non-current Assets	**694,170,706**	729,302,544
Total assets	**P 846,194,394**	P 1,213,979,318
Current liabilities	**P 294,560,741**	P 243,537,654
Non-current liabilities	**402,863,601**	714,138,930
Total liabilities	**P 697,424,342**	P 957,676,584
Revenues - net	**(P 4,367,243)**	P 39,771,377
Net loss	**(P 90,732,683)**	(P 35,002,671)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 90,732,683)**	(P 35,002,671)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**(P 45,366,342)**	(P 17,501,335)
Non-controlling interests	**(45,366,341)**	(17,501,336)
Net loss	**(P 90,732,683)**	(P 35,002,671)

Significant information on the financial position and financial performance of CLI-LITE as at and for the year ended December 31, 2022 are as follows:

	2022	2021
Current assets	**P 410,122,908**	P 346,359,819
Non-current Assets	**740,515,353**	740,506,424
Total assets	**P1,150,638,261**	P1,086,866,243
Current liabilities	**390,783,076**	P 102,872,211
Non-current liabilities	**3,296,816**	372,278,788
Total liabilities	**P 394,079,892**	P 475,150,999
Revenues	**P -**	P -
Net loss	**(P 1,156,876)**	(P 13,060,257)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 1,156,876)**	(P 13,060,257)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**(P 1,012,266)**	(P 11,427,725)
Non-controlling interests	**(144,609)**	(1,632,532)
Net loss	**(P 1,156,876)**	(P 13,060,257)

Significant information on the financial position and financial performance of CBLRV as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P 627,021,812**	P 427,299,380
Non-current Assets	**276,739,032**	20,000
Total assets	**P 903,760,844**	P 427,319,380
Current liabilities	**P 624,205,689**	P 31,870,806
Non-current liabilities	**69,113,940**	197,986,389
Total liabilities	**P 690,489,433**	P 229,857,195
Revenues	**P 34,842,825**	P -
Net income (loss)	**P 12,979,029**	(P 1,398,623)
Other comprehensive income	**-**	-
Total comprehensive income (loss)	**P 12,979,029**	(P 1,398,623)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**P 6,489,514**	(P 699,311)
Non-controlling interests	**6,489,515**	(699,312)
Net income (loss)	**P 12,979,029**	(P 1,398,623)

Significant information on the financial position and financial performance of CCLI as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current assets	**P 218,137,796**	P 114,426,923
Non-current Assets	**716,187,814**	498,786,042
Total assets	**P 934,325,610**	P 613,212,965
Current liabilities	**P 86,343,000**	P 67,696,785
Non-current liabilities	**665,011,219**	351,853,544
Total liabilities	**P 751,354,219**	P 419,550,329
Revenues	**P -**	P -
Net loss	**(P 10,691,245)**	(P 16,440,305)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 10,691,245)**	(P 16,440,305)

The profit or loss is allocated between the Parent Company and NCI as follows:

	2022	2021
Parent Company's shareholders	**(P 5,345,623)**	(P 8,220,152)
Non-controlling interests	**(5,345,622)**	(8,220,153)
Net loss	**(P 10,691,245)**	(P 16,440,305)

Significant information on the financial position and financial performance of GGTT as at and for the year ended December 31, 2022 are as follows:

	2022	2021
Current assets	**P 383,824,261**	P 512,554,913
Non-current Assets	**1,055,346,456**	249,193,934
Total assets	**P1,439,170,717**	P 761,748,847
Current liabilities	**P 533,367,538**	P 426,715,192
Non-current liabilities	**244,043,137**	28,119,854
Total liabilities	**P 777,410,675**	P 454,835,046

	2022	2021
Revenues	**P 820,847,579**	P 221,930,052
Net income	**P 354,846,240**	P 80,087,011
Other comprehensive income		-
Total comprehensive income	**P 354,846,240**	P 80,087,011

The profit or loss is allocated between the Parent Company and NCI as follows:

	2022	2021
Parent Company's shareholders	**P 177,423,120**	P 40,043,506
Non-controlling interests	**177,423,120**	40,043,505
Net profit	**P 354,846,240**	P 80,087,011

Significant information on the financial position and financial performance of SPE as at and for the year ended December 31, 2022 are as follows:

	2022	2021
Current assets	**P 54,658,372**	P 33,255,756
Non-current Assets	**396,273,145**	280,859,912
Total assets	**P 450,931,517**	P 314,115,668
Current liabilities	**P 55,767,420**	P 57,146,330
Non-current liabilities	**253,537,865**	274,962,623
Total liabilities	**P 309,305,285**	P 332,108,953
Revenues	**P -**	P -
Net loss	**(P 24,517,493)**	(P 24,179,468)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 24,517,493)**	(P 24,179,468)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**(P 15,691,196)**	(P 15,474,860)
Non-controlling interests	**(8,826,297)**	(8,704,608)
Net loss	**(P 24,517,493)**	(P 24,179,468)

Significant information on the financial position and financial performance of MDC as at and for the year ended December 31, 2022 are as follows:

	2022	2021
Current assets	**P 178,469,710**	P 78,233,892
Non-current Assets	**-**	-
Total assets	**P 178,469,710**	P 78,233,892
Current liabilities	**P 1,865,870**	P 2,215,857
Non-current liabilities	**-**	-
Total liabilities	**P 1,865,870**	P 2,215,857
Revenues	**P -**	P -
Net loss	**(P 413,395)**	(P 3,274,357)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 413,395)**	(P 3,274,357)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2022	2021
Parent Company's shareholders	**(P 321,167)**	(P 2,543,848)
Non-controlling interests	**(92,228)**	(730,509)
Net loss	**(P 413,395)**	(P 3,274,357)

28. EARNINGS PER SHARE

EPS is computed as follows:

	2022	2021	2020
Income available to common stockholders	**P 3,170,887,739**	P 2,612,937,324	P 1,846,119,733
Divided by weighted average number of outstanding common stock	**3,464,364,100**	2,507,833,165	1,605,279,067
Basic and diluted EPS	**P 0.92**	P 1.04	P 1.15

On January 5, 2022, the Parent Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the Parent Company, an exercise price of P2.25 or current market price with a 15% discount, whichever is higher.

The basic and diluted earnings per share in 2022 are the same because the dilutive effects of potential common shares from the employee share options are negligible for the periods presented. Thus, the weighted average number of issued and outstanding common shares presented above does not include the effect of the potential common shares from the employee share options.

There were no instruments that could potentially dilute basic earnings per share for years ended December 31, 2022, 2021, and 2020; hence, basic EPS is the same as diluted EPS.

29. COMMITMENTS AND CONTINGENCIES

29.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering certain condominium and parking units and retail building space (see Note 13). To manage its risks over these operating leases, the Group retains its legal title over the underlying assets and requires its lessee to pay security deposits at the start of the lease, which are forfeited in case a lessee pre-terminates without prior notice or before the expiry of the lease term without cause. The leases have terms ranging from one to 15 years, with renewal options, and include annual escalation from 5.00% to 10.00%. The future minimum lease receivables under these agreements are presented below.

	2022	2021	2020
Within one year	**P 65,807,376**	P 59,212,971	P 53,712,626
After one year but not more than five years	**139,589,932**	149,311,191	71,468,344
More than five years	**92,651,746**	105,840,163	118,400,559
	P 298,049,054	P 314,364,325	P 243,581,529

Rental income amounted to P79,277,559, P74,272,000 and P55,237,972 in 2022, 2021 and 2020, respectively (see Note 13). None of the rental income in 2022, 2021 and 2020 are relating to variable lease payments.

29.2 Operating Lease Commitments – Group as Lessee

The Group entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases amounted to P24,410,422, P23,699,072 and P18,441,626 in 2022, 2021 and 2020, respectively, and is shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Notes 20).

As at December 31, 2022 and 2021, the expected future rentals is expected to be more or less the same with the annual rent expense recognized because of the terms of the leases, which are less than 12 months.

29.3 Completion of Sold Units

The Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Group recognized a contract liability, which amounts to P598,391,867 and P604,254,603 as at December 31, 2022 and 2021, respectively, when it collects more than it is entitled to based on the stage of completion of the project development (see Note 18.2).

29.4 Purchase of Land

In 2022 and 2020, the Group had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land amounting to P129,996,729 and P122,412,000, respectively. There were no such commitments as at December 31, 2021.

29.5 Capital Commitments for Construction Cost

As at December 31, 2022 and 2021, the Group has capital commitments of about P8,812,246,977 and P8,346,359,878, respectively, for the construction of real estate inventories, property and equipment and investment properties.

29.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements because the possible outflow of economic resource as a result of present obligations is considered improbable or remote or the amount to be provided cannot be measured reliably. As at December 31, 2022 and 2021, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

30. EVENTS AFTER THE REPORTING PERIOD

On March 20, 2023, the BOD declared regular and special cash dividends of P0.15 and P0.03 per share, respectively, totaling P623,736,264 to stockholders on record as of April 18, 2023. Such dividends will be paid on April 28, 2023.

31. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 32. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management 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.

It does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described as follows.

31.1 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 result from its operating, investing, and financing activities.

It has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

31.2 Credit Risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Group maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Group transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) *Maximum exposure to credit risk*

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets), as summarized below.

	Notes	2022	2021
Cash and cash equivalents	5	**P 1,434,559,762**	P 1,095,821,916
Receivables*	6	**3,657,261,050**	6,004,327,391
Contract assets	18.2	**31,979,063,534**	20,290,305,185
Due from related parties	26.1	**35,802,341**	57,434,271
Short-term investments	9	**204,836,249**	149,901,854
Refundable deposits	14	**128,384,996**	94,473,055
		P37,439,907,932	P 27,692,263,672

* *Receivables - net excludes advances to officers and employees.*

The estimated fair value of collateral and other security enhancements held against contract receivables and contract assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2022			
Contract receivables	P 3,030,230,127	P 6,632,550,849	P -
Contract assets	31,979,063,534	58,301,956,960	-
	P35,009,293,661	**P64,934,507,809**	**P -**
2021			
Contract receivables	P 3,698,337,693	P 7,853,276,713	P -
Contract assets	20,290,305,185	35,539,865,028	-
	P 23,988,642,878	P 43,393,141,741	P -

(b) *Credit risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

An analysis of concentration of credit risk by location of the Group's contract receivables and contract assets, net of allowance for impairment, is shown below.

	2022	2021
Cebu	**P 16,921,619,068**	P 9,989,965,155
Visayas	**7,230,845,939**	5,642,592,784
Mindanao	**10,856,726,305**	4,321,914,120
Luzon	**102,349**	166,366
	P35,009,293,661	P 19,954,638,425

(c) *Credit quality*

The Group classifies cash in banks as high grade as these are deposited with reputable banks.

Other receivables and refundable deposits are considered to be unrated and are neither past due nor impaired. For trade receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Group.

	2022					
	Neither past due not impaired			**Past due but**	**Individually**	
	High grade	**Standard grade**	**Unrated**	**not impaired**	**impaired**	**Total**
Cash	P 1,434,559,762	P -	P -	P -	P -	P 1,434,559,762
Receivables						
Contract	-	2,246,422,576	-	783,807,551	-	3,030,230,127
Others	-	-	625,221,454	-	1,809,469	627,030,923
Contract assets	-	31,979,063,534	-	-	-	31,979,063,534
Due from related parties	-	-	35,802,341	-	-	35,802,341
Short-term investments	204,836,249	-	-	-	-	204,836,249
Refundable deposits	-	-	128,384,996	-	-	128,384,996
	P 1,639,396,011	**P34,225,486,110**	**P 789,408,791**	**P 783,807,551**	**P 1,809,469**	**P37,439,907,932**

	2021					
	Neither past due not impaired			Past due but	Individually	
	High grade	Standard grade	Unrated	not impaired	impaired	Total
Cash	P 1,095,821,916	P -	P -	P -	P -	P 1,095,821,916
Receivables						
Contract	-	3,706,840,456	-	1,790,946,881	-	5,497,787,337
Others	-	-	505,939,359	-	600,695	506,540,054
Contract assets	-	20,290,305,185	-	-	-	20,290,305,185
Due from related parties	-	-	57,434,271	-	-	57,434,271
Short-term investments	149,901,854	-	-	-	-	149,901,854
Refundable deposits	-	-	94,473,055	-	-	94,473,055
	P 1,245,723,770	P23,997,145,641	P 657,846,685	P 1,790,946,881	P 600,695	P27,692,263,672

31.3 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 on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. It maintains cash to meet its liquidity. Excess cash are invested in short-term placements.

As at December 31, 2022 and 2021, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**	**More than 5 Years**
December 31, 2022				
Interest-bearing loans and borrowings	P 6,173,740,948	P 2,374,903,037	P 21,006,645,481	P 9,462,451,360
Bonds payable	168,742,525	168,742,525	3,849,718,073	2,423,031,648
Trade and other payables*	11,863,581,836	3,807,034,840	3,135,384,424	-
	P18,206,065,309	**P 6,350,680,402**	**P 27,991,747,978**	**P 11,885,483,008**
December 31, 2021				
Interest-bearing loans and borrowings	P 4,372,926,971	P 4,391,719,080	P 14,001,035,043	P 9,462,451,360
Trade and other payables*	5,352,277,771	5,886,663,859	1,106,244,334	238,639,111
	P 9,725,204,742	P10,278,382,939	P 15,107,279,377	P 9,701,090,471

* *Trade and other payables excludes output VAT, government-related obligations and advance rental.*

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.

32. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

32.1 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.

		2022		2021	
	Notes	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial Assets					
at amortized cost:					
Cash and cash equivalents	5	**P 1,434,559,762**	**P 1,434,559,762**	P 1,095,821,916	P 1,095,821,916
Receivables - net[1]	6	**3,657,261,050**	**3,657,261,050**	6,004,327,391	6,004,327,391
Due from related parties	26.1	**35,802,341**	**35,802,341**	57,434,271	57,434,271
Short-term investments	9	**204,836,249**	**204,836,249**	149,901,854	149,901,854
Refundable deposits	14	**128,384,996**	**128,384,996**	94,473,055	94,473,055
		P 5,460,844,398	**P 5,460,844,398**	P 7,401,958,487	P 7,401,958,487
Financial Liabilities					
at amortized cost:					
Interest-bearing loans and borrowings	15	**P 35,062,290,611**	**P 32,892,943,912**	P 32,021,719,390	P 32,021,719,390
Bonds payable	16	**4,930,582,631**	**5,074,171,211**	-	-
Trade and other payables[2]	17	**18,806,001,100**	**18,806,001,100**	12,608,823,740	12,608,823,740
		P 59,078,617,823	**P 56,773,116,223**	P 44,630,543,130	P 44,630,543,130

[1] *Receivables - net excludes advances to officers and employees.*
[2] *Trade and other payables excludes output VAT, government-related obligations and advance rental.*

See Note 2.5 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 31.

32.2 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 statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position		
	Financial assets	**Financial liabilities set off**		**Financial instruments**	**Cash collateral received**	**Net amount**
December 31, 2022						
Cash and cash equivalents	**P 1,434,559,762**	**P -**	**P 1,434,559,762**	**P 554,474,038**	**P -**	**P 880,085,724**
December 31, 2021						
Cash and cash equivalents	P 1,095,821,916	P -	P 1,095,821,916	P 1,091,277,530	P -	P 4,544,386

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 statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position		
	Financial liabilities	**Financial assets set off**		**Financial instruments**	**Cash collateral received**	**Net amount**
December 31, 2022						
Interest-bearing loans and borrowings	**P 35,062,290,611**	**P -**	**P 35,062,290,611**	**P 554,474,038**	**P -**	**P 34,507,816,573**
December 31, 2021						
Interest-bearing loans and borrowings	P 32,021,719,390	P -	P 32,021,719,390	P 1,091,277,530	P -	P 30,780,540,007

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., banks) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and 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.

32.3 Fair Value Measurements and Disclosures

(a) *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:

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

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

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

The level within which the financial 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 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.

(b) Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below and in the succeeding page summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value in the 2022 and 2021 consolidated statements of financial position, but for which fair value is disclosed (see Note 32.1).

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	P 1,434,559,762	P -	P -	P 1,434,559,762
Receivables – net[1]	-	-	3,657,261,050	3,657,261,050
Due from related parties	-	-	35,802,341	35,802,341
Short-term investments	204,836,249	-	-	204,836,249
Refundable deposits	-	-	128,384,996	128,384,996
	P 1,639,396,011	**P -**	**P 3,821,448,387**	**P 5,460,844,398**
Financial liabilities				
Interest-bearing loans and borrowings	P -	P -	P 35,062,290,611	P 35,062,290,611
Bonds payable			4,930,582,631	4,930,582,631
Trade and other payables[2]	-	-	18,806,001,100	18,806,001,100
	P -	**P -**	**P 58,798,874,342**	**P 59,798,874,342**

[1] *Receivables - net excludes advances to officers and employees.*
[2] *Trade and other payables excludes output VAT, government-related obligations and advance rental.*

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	P 1,095,821,916	P -	P -	P 1,095,821,916
Receivables – net[1]	-	-	6,004,327,391	6,004,327,391
Due from related parties	-	-	57,434,271	57,434,271
Short-term investments	149,901,854	-	-	149,901,854
Refundable deposits	-	-	94,473,055	94,473,055
	P 1,245,723,770	P -	P 6,156,234,717	P 7,401,958,487
Financial liabilities				
Interest-bearing loans and borrowings	P -	P -	P 32,021,719,390	P 32,021,719,390
Trade and other payables[2]	-	-	12,608,823,740	12,608,823,740
	P -	P -	P 44,630,543,130	P 44,630,543,130

[1] *Receivables - net excludes advances to officers and employees.*
[2] *Trade and other payables excludes output VAT, government-related obligations and advance rental.*

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans and borrowings, because of their short-term nature.

(c) Fair Value Measurement for Non-financial Assets

The Group has no non-financial assets measured at fair value as at December 31, 2022 and 2021. However, the fair values of its investment properties are required to be disclosed, as shown in Note 13.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2022 and 2021.

	Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2022				
Investment property	**P -**	**P -**	**P20,627,177,086**	**P20,627,177,086**
December 31, 2021				
Investment property	P -	P -	P16,210,917,528	P16,210,917,528

In 2022 and 2021, the fair value of the Group's Investment Properties is determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(i) Fair Value Measurement for Land, Condominium Units and Retail Buildings

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(ii) Fair Value Measurement for Improvements under Retail Buildings

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2022 and 2021.

33. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2022	2021
Total interest-bearing loans and borrowings and bonds payable	**P39,992,873,242**	P 32,021,719,390
Total equity	**21,012,614,893**	17,932,181,524
Debt-to-equity ratio	**1.90:1.00**	1.79:1.00

The Group's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis. The Parent Company is required to maintain certain financial ratios in relation with its borrowings (see Note 15.2). The Group has complied with its covenant obligations for both years ended December 31, 2022 and 2021.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

34. RECONCILIATION 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.

	Bank Loans (see Note 15)	**Lease Liabilities** (see Note 12.2)	**Bonds Payable** (see Note 16)	**Total**
Balance as of January 1, 2022	P32,021,719,390	P 1,126,130,301	P -	P33,147,849,691
Cash flows from financing activities				
Additional borrowings – net	11,749,374,715	-	4,926,627,631	16,676,002,346
Repayments	(8,807,422,731)		-	(8,807,422,731)
Non-cash financing activities				
Amortization of debt issue cost	98,619,237	-	3,955,000	102,574,237
Additional lease liabilities	-	52,874,045	-	52,874,045
Interest amortization on lease obligation	-	58,055,137	-	58,055,137
Balance at December 31, 2022	**P35,062,290,611**	**P1,237,059,483**	**P 4,930,582,631**	**P41,229,932,725**
Balance as of January 1, 2021	P23,793,983,711	P 834,733,975	P -	P24,628,717,686
Cash flows from financing activities				
Additional borrowings – net	14,448,015,997	-	-	14,448,015,997
Repayments	(6,288,347,939)	-	-	(6,288,347,939)
Non-cash financing activities				
Additional lease liabilities	-	290,015,132	-	290,015,132
Amortization of debt issue cost	68,067,621	-	-	68,067,621
Interest amortization on lease obligation	-	9,601,825	-	9,601,825
Amendment of lease contract	-	(8,220,631)	-	(8,220,631)
Balance at December 31, 2021	P32,021,719,390	P1,126,130,301	P -	P 33,147,849,691
Balance as of January 1, 2020	P16,846,756,577	P 140,276,458	P -	P24,628,717,686
Cash flows from financing activities				
Additional borrowings	12,583,999,063	-	-	12,583,999,063
Repayments	(5,672,248,772)	(105,339,849)	-	(5,777,588,621)
Non-cash financing activities				
Additional lease liabilities	-	818,482,704	-	818,482,704
Amendment of lease contract	-	(18,685,338)	-	(18,685,338)
Amortization of debt issue cost	35,476,843	-	-	35,476,843
Balance at December 31, 2020	P23,793,983,711	P 834,733,975	P -	P 24,628,717,686

35. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

Discussed below are the supplemental information on non-cash investing and financing activities relative to the consolidated statements of cash flows of the Group.

(a) The Group recognized Right-of-Use assets and Lease Liabilities amounting to P52,874,045 and P290,015,132 in 2022 and 2021, respectively (see Notes 12.1, 12.2 and 34).

(b) In 2022 and 2021, borrowing costs that were capitalized as part of Real Estate Inventories, Property and Equipment and Investment Properties amounted to P1,721,477,210 and P1,276,301,172, respectively (see Notes 7, 11, 13 and 15).

(c) In 2022 and 2021, the Group recognized unpaid construction costs of P2,339,738,833 and P779,300,000, respectively, in Property and Equipment and Investment Properties (see Notes 11 and 13).

(d) In 2022, the group reclassified assets from Investment Properties totaling P729,713,956 and P1,301,034,975 to Real Estate Inventories and Property Equipment, respectively. In 2021, the Group reclassified assets from Investment Properties totaling P1,840,846,826 and P7,977,039 to Real Estate Inventories and Property and Equipment, respectively (see Notes 7, 11 and 13).

(e) In 2021, Deposits for Land for Future Development of P1,076,100,742, respectively, were reclassified to Real Estate Inventories (see Notes 7 and 8).

36. OTHER MATTERS

On December 14, 2021, severe tropical storm “Rai” entered the Philippine Area of Responsibility (PAR) and was named “Odette”. On December 15, 2021, Odette intensified into a typhoon as it moved westward over the Philippine Sea east of Mindanao. On December 16, 2021, Odette rapidly intensified and heavily affected the areas of Surigao del Norte, Caraga region, Southern Leyte, Bohol, Cebu, Negros Oriental, Siquijor, the southern and central portions of Negros Oriental and Guimaras. Odette left the PAR on December 18, 2021.

As a result of this, the Group sustained damages in its projects and properties in Cebu. CLI, El Camino, MGR and BL Ventures reported calamity damages, net of estimated insurance claims (see Note 6), amounting to P89,558,963, P28,628,963, P6,980,141 and P4,671,293, respectively, for a total loss of P129,839,360 in the consolidated statement of profit or loss in 2021 (see Note 20.2). No other subsidiaries in the Group reported calamity damages from the typhoon. Magspeak, an associate, reported a calamity loss of P1,993,750 in its statement of profit or loss.

Pursuant to the Bureau of Internal Revenue (BIR) Revenue Memorandum Order No. 031-09, in relation to Section 34 (D)(1)(b) of the National Internal Revenue Code, as amended, CLI, El Camino, MGR, BL Ventures and Magspeak filed notarized declarations of casualty losses on February 23, 2022 to BIR, prior to the deadline on February 29, 2022 as extended under BIR Revenue Regulations No. 1-2022.

P&A Grant Thornton

YEARS
Shaping a Vibrant Tomorrow

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (the Group) for the year ended December 31, 2022, on which we have rendered our report dated April 3, 2023. 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 accordance 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. 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 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: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 3, 2023

Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
List of Supplementary Information
December 31, 2022

Table of Contents

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Schedule A - Financial Assets
December 31, 2022

Type of securities	*Amount Shown in the Statement of Financial Position*	*Income Received and Accrued*
Financial Assets at Amortized Cost		
Cash and Cash Equivalents		
Cash in banks	P 1,322,678,049	P 1,595,691
Short-term placements	108,857,491	10,239,765
Cash on hand	3,024,222	-
	1,434,559,762	11,835,456
Receivables		
Contract receivables	3,030,230,127	-
Receivable from insurance	144,893,228	
Retention receivable	113,229,317	-
Management fee receivables	102,357,085	-
Rent receivable	53,640,904	-
Other receivables	212,910,389	-
	3,657,261,050	-
Due from Related Parties	35,802,341	-
Prepayments and other current assets		
Short-term investments	204,836,249	2,829,423
Other Non-Current Assets		
Refundable deposits	128,384,996	-
Total	**P 5,460,844,398**	**P 14,664,879**

1

Cebu Landmasters, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2022

Name and designation of debtor	Balance at beginning of period	Additions	Reclassification	Deductions: Amounts collected	Deductions: Amounts Written off	Ending Balance: Current*	Ending Balance: Not-current**	Balance at end of period
Entities Under Common Ownership:								
Condominium Corporation								
Base Line Center Condo Corporation	P 16,149,254	P -	P -	(P 641,568)	P -	P 15,507,686	P -	P 15,507,686
Casa Mira Towers Labangon	6,394,468	-	-	(121,106)	-	6,273,362	-	6,273,362
Baseline Residences Condo Corporation	2,700,637	3,255,439	-	(3,036)	-	5,953,040	-	5,953,040
Mivesa Garden Residences Condo Corporation	(938,366)	4,808,683	-	(2,211,743)	-	1,658,574	-	1,658,574
Latitude Corporate Center Condominium Corporation	-	4,358,255	-	(3,059,907)	-	1,298,348	-	1,298,348
Mesaverte Residences Condominium Corporation	726,086	(2,004,887)	-	-	-	(1,278,800)	-	(1,278,800)
Park Centrale Condo Corporation	(63,066)	(1,217,576)	-	-	-	(1,280,642)	-	(1,280,642)
Midori Residences Condo Corporation	358,161	29,589	-	(7,846)	-	379,904	-	379,904
Asia Premier Condo Corporation	327,123	-	-	(16,904)	-	310,219	-	310,219
38 Park Avenue Condominium Corporation	-	252,550	-	-	-	252,550	-	252,550
Latitude Corporate Center Condo Corp	466,005	-	-	(359,477)	-	106,528	-	106,528
Mesatierra Garden Residences Condominium Corporation	-	59,501	-	-	-	59,501	-	59,501
Mesavirre Garden Residences Condominium Corporation	-	33,954	-	-	-	33,954	-	33,954
	26,120,301	9,575,508	-	(6,421,587)	-	29,274,223	-	29,274,223
Homeowners' Associations								
Casa Mira South	2,053,549	160,236	-	-	-	2,213,785	-	2,213,785
Casa Mira Linao	1,545,268	-	-	-	-	1,545,268	-	1,545,268
Velmiro Heights	798,897	-	-	-	-	798,897	-	798,897
Midori Plains	361,292	-	-	(14,700)	-	346,592	-	346,592
San Josemaria Villages	315,912	4	-	-	-	315,916	-	315,916
Casa Mira Coast	20,072	83,806	-	-	-	103,878	-	103,878
Villa Casita North	56,982	-	-	(8,600)	-	48,382	-	48,382
	5,151,972	244,046	-	(23,300)	-	5,372,719	-	5,372,719
Others								
Regalos de Cebu	1,382,747	9,860	-	(658,674)	-	733,933	-	733,933
Cebu Landmasters Foundation, Inc.	22,948	-	-	(2,613)	-	20,335	-	20,335
	1,405,695	9,860	-	(661,287)	-	754,268	-	754,268
	32,677,968	9,829,415	-	(7,106,174)	-	35,401,209	-	35,401,209
Associates								
Magspeak Nature Park Inc	-	3,251,144	-	(2,618,418)	-	632,726	-	632,726
ICOM Air Corporation	-	(231,594)	-	-	-	(231,594)	-	(231,594)
	-	3,019,550	-	(2,618,418)	-	401,132	-	401,132
Ultimate Parent Company	81,411,781	2,223,200	-	(7,812,349)	-	75,822,632	-	75,822,632
Key Management Personnel	57,186,058	3,977,300	-	(7,189,699)	-	53,973,659	-	53,973,659
	P 171,275,807	**P 19,049,464**	**P -**	**(P 24,726,639)**	**P -**	**P 165,598,632**	**P -**	**P 165,598,632**

**Due within one year*
***Due beyond one year*

2

Cebu Landmasters, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2022

Name and Designation of debtor	Balance at beginning of period	Additions	Reclassification	Deductions: Amounts collected	Deductions: Amounts written off	Current*	Non-current**	Balance at end of period
Cebu Homegrown Developers, Inc.	P 144,257,879	P 356,002,498	P -	(P 2,951,735)	P -	P 497,308,642	P -	P 497,308,642
Yuson Excellence Soberano, Inc.	371,320,830	73,666,661	-	(31,662,191)	-	413,325,300	-	413,325,300
Cebu BL-Ramos Ventures, Inc.	221,449,063	16,056,482	-	(18,629,068)	-	218,876,477	-	218,876,477
El Camino Developers Cebu, Inc.	144,473,691	91,770,224	-	(22,065,804)	-	214,178,112	-	214,178,112
Cebu Landmasters Property Management, Inc.	17,885,810	23,132,377	-	(9,939,432)	-	31,078,755	-	31,078,755
BL CBP Ventures, Inc.	17,117,513	14,496,793	-	(11,772,632)	-	19,841,675	-	19,841,675
CLI Premier Hotels Int'l. Inc.	19,102,060	4,107,287	-	(4,496,640)	-	18,712,707	-	18,712,707
YHEST Realty and Development Corporation	4,448,733	11,358,444	-	(6,731,428)	-	9,075,749	-	9,075,749
Yuson Huang Excellence Soberano, Inc.	2,079,223	17,325,369	-	(12,011,718)	-	7,392,874	-	7,392,874
GGTT Realty Corporation	1,590,356	6,871,274	-	(4,085,828)	-	4,375,802	-	4,375,802
CLI-LITE Panglao, Inc.	2,676,340	-	-	-	-	2,676,340	-	2,676,340
CCLI Premier Hotels Int'l. Inc.	1,731,814	11,023,024	-	(10,148,065)	-	2,606,774	-	2,606,774
Mivesa Garden Residences, Inc.	25,848,613	(12,849,235)	-	(11,208,512)	-	1,790,867	-	1,790,867
Sugbo Prime Estate, OPC.	791,767	6,306,855	-	(5,636,935)	-	1,461,686	-	1,461,686
CLI Hotels and Resorts, Inc.	-	227,310	-	-	-	227,310	-	227,310
Ming-mori Development Corporation	32,597	-	-	(32,597)	-	-	-	-
	P 974,806,290	**P 619,495,363**	**P -**	**(P 151,372,585)**	**P -**	**P 1,442,929,068**	**P -**	**P 1,442,929,068**

**Due within one year*
***Due beyond one year*

3

Cebu Landmasters, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2022

Title of issue and type of obligation	*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*	*Interest Rate*	*No. of Periodic Installments*	*Maturity Date*
Promissory notes					
Bank of the Philippine Islands	P 2,167,091,668	P 7,208,873,651	4.00% to 7.5%	Various	10/7/22 to 07/26/34
Land Bank of the Philippines	249,946,183	1,187,696,889	5.000%	Various	05/30/28 to 08/30/29
BDO Unibank Inc.	166,309,768	353,087,021	1.71% to 6.38%	Various	10/12/22 to 7/25/2027
Bank of Commerce	-	551,647,768	4.50% to 8.00%	Various	11/09/28
Development Bank of the Philippines	1,768,306,012	2,056,309,826	4.50% to 6.00%	Various	10/2/22 to 05/30/34
China Banking Corporation	488,750,000	1,864,919,864	4.75% to 6.25%	Various	10/11/22 to 5/1/34
Rizal Commercial Banking Corporation	78,000,000	849,819,858	5.25% to 7.00%	Various	10/24/22 to 6/28/2026
Philippine National Bank	1,269,180,833	1,257,571,588	4.75% to 7.5%	Various	10/14/22 to 12/23/30
Philippine Veterans Bank	600,000,000	-	4.000%	Various	01/07/22 to 01/25/22
Robinsons Bank	100,000,000	178,710,879	5.00% to 6.5%	Various	10/7/22 to 5/13/27
Asia United Bank	31,000,000	99,239,067	4.250%	Various	03/17/27
Gothong Southern Properties, Inc.	-	35,000,000	4.250%	100.000%	05/09/24
12SIKA HOLDINGS CORPORATION	-	10,000,000	4.250%	100.000%	04/26/24
Borromeo Bros. Estate Inc.	87,500,000	68,783,959	6.250%	Various	7/19/2023 to 7/29/2024
	7,006,084,464	15,721,660,370			
Corporate notes					
Bank of the Philippine Islands	168,750,000	1,394,710,433	3.54% to 7.25%	17	12/20/25 to 04/28/27
Land Bank of the Philippines	125,000,000	1,767,971,145	4.23% to 6.63%	29	08/02/28 to 03/10/30
BDO Unibank Inc.	125,000,000	744,117,877	7.25%	17	12/20/25
Development Bank of the Philippines	125,000,000	1,857,573,969	3.54% to 4.66%	17	04/28/27
China Banking Corporation	346,726,190	3,432,038,070	3.46% to 7.25%	13 to 29	09/04/25 to 10/10/28
Rizal Commercial Banking Corporation	177,083,333	1,785,195,999	3.46% to 4.66%	13 to 17	09/04/25 to 04/28/27
Social Security System	50,000,000	235,378,761	3.460%	12	09/04/25
ALFM	-	-	3.88%	1	11/05/22 to 11/14/22
	1,117,559,523	11,216,986,254			
Bonds					
China Banking Corporation	-	4,930,582,631	6.42% to 7.36%	1	4/7/26 to 10/7/29
	P 8,123,643,987	**P 31,869,229,255**			

4

Stakeholder Inquiries

For inquiries or concerns from analysts, institutional investors, the financial community, customers, and general public, please contact:

General or Media Inquiries
Rosemel Calderon
rosemel@cebulandmasters.com

Investor Communications
Clarissa Mae Cabalda
clarissa@cebulandmasters.com

Corporate Governance
Atty. Larri-Nil Veloso
larri_nil@cebulandmasters.com

Corporate Sustainability/Environmental and Social Performance
Vera Alejandria
vralejandria@cebulandmasters.com

Stockholder
For inquiries regarding dividend payments, change of address and account status, lost or damaged stock certificates, please contact:

Address
BDO Trust and Investments
c/o Lorraine Carpio
15F South Tower BDO Corporate Center
Makati Ave, Makati City

Telephone
+63(2) 878-4965

Email
bdo-stock-transfer@bdo.com.ph

Credits

Cover and Design
Drink Sustainability Communications
Cebu Landmasters, Inc.

Editorial
Cebu Landmasters, Inc. Sustainability Technical Working Group
Drink Sustainability Communications
www.drinkph.com

Portraitures
Mark Dales, CLI Archives

Operational Photos
Cebu Landmasters, Inc.

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