COVER SHEET

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SEC REGISTRATION NUMBER

CEBU LANDMASTERS, INC.

(Company Name)

10TH FLOOR, PARK CENTRALE TOWER, JOSE MA. DEL MAR ST., B2 L3, CEBU IT PARK, BRGY. APAS, CEBU CITY, PHILIPPINES 6000

(Business Address: No. Street/City/Province)

Contact Person	Company Telephone Number
B. Grant L. Cheng	**032-231-4870**

Month	Day	Form Type	Month	Day
12	**31**	**17-A**	**05**	**30**

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc

Number/Section

Amended Articles

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.	Cashier

SEC Number: CS200321240
File Number: ________

CEBU LANDMASTERS, INC.

(Company's Full Name)

10TH FLOOR, PARK CENTRALE TOWER
JOSE MA. DEL MAR ST., B2 L3
CEBU IT PARK, BRGY. APAS
CEBU CITY, PHILIPPINES 6000

(Company Address)

(032) 231-4870

(Telephone Number)

December 31, 2022

(Fiscal Year Ended)

SEC Form 17-A
Annual Report

(Form Type)

-

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2022**

2. SEC Identification Number **CS200321240**

3. BIR Tax Identification No. **227-599-320**

4. Exact name of issuer as specified in its charter **CEBU LANDMASTERS, INC**

5. Province, Country or other jurisdiction of incorporation or organization **CEBU CITY, CEBU, PHILIPPINES**

6. Industry Classification Code (SEC Use Only)

7. Address of principal office
10TH FLOOR, PARK CENTRALE TOWER, JOSE MA. DEL MAR ST., B2 L3 CEBU IT PARK, BRGY. APAS, CEBU CITY, PHILIPPINES Postal Code **6000**

8. Issuer's telephone number, including area code **(032) 231-4870**

9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares Issued and Registered
Common Shares - Outstanding	3,465,201,467
Common Shares - Treasury	158,250,530

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

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **Common shares**

12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [X] No [ ]
(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [X] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: **₱9,702,564,107.60** as of December 31, 2022

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PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Background

CLI is the leading residential developer in Visayas and Mindanao. The Company's story began with a vision to provide quality homes for everyday Filipinos. Jose R. Soberano III founded CLI and incorporated the Company on September 26, 2003. On June 2, 2017, the Company was listed on the Philippine Stock Exchange ("**PSE**") with "CLI" as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share. CLI's initial public offering was instrumental in this growth, as it raised ₱2.15 billion worth of fresh capital from investors – boosting its expansion in new locations and fueling its various projects.

To date, CLI has close to 100 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 15 key cities in the VisMin region.

The Company bagged the Best Developer of the Philippines in 2019 and the Best Developer in Visayas and Mindanao 2021 and 2022 during the PPA and Asia Property Awards, winning against other well-established players in the industry.

The Company engaged **Colliers international** to conduct an independent study in 2022 on the VisMin real estate market to determine CLI's positioning compared to its peers in the region. The said study named CLI as the top residential developer in VisMin in 2022 with the largest market share among real estate firms. CLI remains to dominate the residential market in key vismin cities with 21% over-all residential share in net take-up value.

Real estate development overview

CLI develops projects that cater to the needs and demands of its stakeholders in Visayas and Mindanao. CLI has rapidly evolved from its humble beginnings on a single 3-hectare land in Balamban when the founder, Jose R. Soberano III spotted untapped housing opportunities in the countryside of Cebu. Today, CLI has a diverse real estate portfolio catering to various markets, whether residential, mixed-use developments, hotels and resorts, offices and retail, and townships and estates.

CLI provides affordable, high-quality housing for everyday Filipinos. In line with CLI's commitment to give more for the Filipino family, Casa Mira, the Company's flagship economic brand, contributes to meeting this rising demand. Townhouses and residential condominiums are offered in Casa Mira communities along with amenities that are typically only found in more expensive developments.

The majority of CLI's projects, particularly those in the economic and mid-market segments, quickly sell out after being launched. This demonstrates that the Company satisfies the demands and preferences of its markets. At the height of the pandemic in 2020, VisMin residents made a record-breaking number of purchases of Casa Mira housing units starting at ₱1.60 million. As a result, reservation sales continued throughout the difficult year and reached ₱14.23 billion, accounting for 69% of all reservation sales at the time.

In order to better serve its customers in an increasingly competitive market, CLI intends to keep expanding its development projects into new areas of the VisMin region.

Completed projects.

Vertical and horizontal residential, mixed-use, office, hotel, and retail projects make up the 38 completed developments of the Company.

The Company has successfully completed 32 residential projects in Cebu, Bacolod, Dumaguete, Cagayan de Oro, and Davao. The three-tower MesaVerte Garden Residences, which was one of these projects and was its first expansion project outside of its native Cebu, was already turned over in 2020. MesaTierra Garden Residences, the first of the numerous projects in Davao, was also finished in 2021. Additionally, turned over in 2022 were MesaVirre Garden Residences A & B in Bacolod, Casa Mira Coast in Dumaguete and Velmiro Uptown in CDO.

Aside from its residential developments, CLI also owns three operational office buildings with a combined Gross Leasable Area of over 30,006 sq.m. The primary office building for the Company and the place where CLI's headquarters are situated in Park Centrale in IT Park, Cebu. Since it was completed, the development has remained 100% full occupancy and was awarded as the Best Commercial Development in Cebu by the Philippine Property Awards in 2014.

Latitude Corporate Center which was recently turned over in 2020 stands 24-storeys high at the heart of Cebu's business district. CLI expects sectors like IT-BPO to gradually return to office spaces as the economy has been reopening. Latitude Corporate Center is a five-star BERDE-certified green building, which puts the Company in a good position to meet this demand. As of 2022, the Company's overall rental occupancy rate is at 48%, up 7% from last year. The Company's leasing department continues to actively seek tenants and work with third-party brokers to find the ideal tenant for the property.

In 2019, CLI opened its first hotel project with Citadines Cebu City in partnership with The Ascott Limited Citadines Cebu City is a 180-room serviced residence strategically located within CLI's mixed-use lifestyle hub in midtown Cebu, the Base Line Center.

CLI has more in store for the VisMin real estate market, as it aims to introduce more projects in key locations, expand to new areas in the region, and tap into diverse markets.

Ongoing projects *(under construction)*

CLI has 53 ongoing projects in various stages of construction as of the year-end 2022. These projects are spread out over 16 key locations in Visayas and Mindanao. Construction is now in full swing at all of the Company's construction sites as of 2021, after the pandemic-related lockdown has eased and the economy has reopened.

33 residential projects totaling a project value of ₱61.35 billion are among the projects that are currently being developed. These projects have 17,737 units of which 91% were already sold. CLI prides itself to sell projects at higher velocity, turn-over quickly on its developments, and move swiftly from pre-selling to construction and delivery. Continuing sales efforts are being made to sell out the projects as they get closer to completion. The Company's optimal market acceptance is known to the 1,785 real estate brokers and 11,000 sales agents across the VisMin region who continuously support CLI.

Investing in capital to support recurring revenue from both hospitality and leasing businesses is one of the strategies CLI foresees to be the region's future growth. CLI's long-term strategy is to build up its office, retail, and hospitality portfolio's GLA to 200,000 sq.m. – eventually contributing to 10% of its growing top line within the next five years. Rental revenue for 2022 accounted for 0.51% of the total revenues which now stands at ₱79.28 million, a 7% y-o-y increase from ₱74.27 million versus the same period in 2021, due to the completion of Latitude Corporate Center increasing the Company's GLA to over 30,000 sq.m. in 2022. Meanwhile, while Hotel Operations account for 0.53%

of the total revenues, Citadines Cebu City posted ₱83.42 million revenue from ₱48.68 million of the same period last year, a 71% increase as tourism and business travel starts to pick up. Revenue from property management is at ₱55.47 million or 0.35% of the total revenues, higher than ₱42.97 million compared to the same period last year, up 29% due to the increase in managed projects.

The Company is currently constructing nine hospitality projects with 1,542 room keys and various office and commercial projects totaling 47,000 Gross Leasable Area. More projects are in the pipeline at the planning and design stages to meet CLI's strategy to continue its build-up of its recurring income portfolio.

Newly launched and Pipeline projects

CLI surpassed past performance records despite the ongoing pandemic. The Company hit record reservation sales for residential properties at ₱18.1 billion in 2022 – a 10% increase compared to ₱16.53 billion in 2021. CLI is at the forefront of meeting the sustained housing demand in VisMin as it launched 16 real estate projects worth ₱19.36 billion in 2022 and provided 4,690 new residential units. This number of launches surpassed the eight projects which were unveiled during the pandemic year of 2020 worth ₱11.50 billion. Additionally, The DGT Pavilion & Retail pods & Calle 104 Retail were also introduced, 2 mixed-use/commercial developments that are expected to increase the company's recurring revenue.

These newly launched projects are located in Dumaguete, Bohol, Cebu , Davao and Palawan. The biggest contributor was The East Village, the first residential development of CLI's Davao Global Township (DGT), which was recognized as the Best Township in Asia by PropertyGuru Asia Property Awards in 2021. Three of the residential community's six towers sold out in four days, prompting the launch of the fourth tower in Q2 2022.

In 2023, CLI has a solid pipeline over the next two years, which includes 29 residential projects as part of its plan of expanding to more areas in the Visayas and Mindanao region. CLI is also expanding its portfolio of recurring income developments by opening more hotels which are set to open 477 room keys in 2023, launching more mixed-use and townships which is expected to complete 4,000 sqm of GLA mainly from Phase 1 of DGT, and by introducing new product lines.

CLI continues to acquire high value landbank to drive continued growth of revenues in the coming years. As of December 31, 2022, the Company has 116 hectares of land for development in 16 VisMin development locations. It acquired a 17-hectare expansion site in Butuan City raising the entire landbank value to ₱12 billion. Furthermore, the Company has a number of significant land purchases lined up in Cebu, Iloilo, Cagayan De Oro ("**CDO**") and Davao, with additional development locations such as General Santos City and Roxas on the horizon.

Residential developments

Residential developments make up the majority of the Company's operations and project portfolio. The aim of CLI is to address the demand for quality-built, cost-effective value for money housing and well-planned communities. The Company continues to launch new housing projects in response to the housing backlog and heightened desire for safe and secure homes equipped for the needs of the new normal.

There has been a total of 80 residential projects across all stages of construction, comprising a total of 33,779 units, with a project value of ₱103.68 billion and a total land area of 200.82 ha. The Company has sold 91% of the units with the total sales value of ₱89.86 billion.

Based on the markets they are targeting, the Company's housing developments are divided into brands.

The Company's fastest-growing and most popular brand is Casa Mira, whose units typically cost ₱110,000 per sq.m. or ₱1.70 million per housing unit and cater to the housing needs of the affordable market. Over time, the Casa Mira series has proved to be a valuable asset, maintaining the largest residential market share in Visayas and Mindanao. Its success has largely been credited to its great value, providing residents with reasonably priced homes in beautiful communities with the added benefit of several amenities usually packaged with higher-priced developments. These include a clubhouse with multi-purpose halls, chapel, swimming pool, basketball court, and children's playground.

With selling prices starting at ₱120,000.00 per sq.m. or housing unit pricing ranging from ₱2.50 million to ₱3.20 million, the Garden series is another potent brand of CLI that targets the mid-market. Subdivisions under this brand are called Velmiro, while condominium projects are known as Garden Residences. Gardens series prides itself in providing an impressive host of amenities that include a swimming pool, multi-level clubhouse with function rooms, fitness gym, basketball court, and playgrounds situated in an expansive landscaped park.

On the other hand, Premier Masters are high-end residential buildings with prices starting at ₱140,000.00 per sq.m. These masterpieces of CLI are located in prestigious urban areas, offering a luxurious lifestyle and world-class living. These developments include Terranza Residences in Iloilo, Costa Mira Mactan, Costa Mira Beachtown Panglao and 38 Park Avenue in I.T. Park Cebu.

Lastly, Villa Casita, are socialized housing units with prices not exceeding ₱480,000.00. Through CLI's socialized housing projects, the Company can provide decent and affordable housing to the least of the market segment.

<u>Leasing Projects</u>

The Company's leasing portfolio is currently operating a combined Gross Leasable Area of over 30,006 sq.m. This leasing business is composed of three office buildings and commercial spaces that compliments its residential and office developments. CLI's long-term strategy is to build up its office and commercial business' GLA to 200,000 sq.m. in the next five years.

In 2021, CLI increased its GLA from over 29,000 sq.m. from 14,536 sq.m. in 2020 after the completion of Latitude Corporate Center. CLI continues to grow its leasing portfolio with the completion of 38 Park Avenue bringing an additional 921 sq.m of leasable spaces. Aside from this, CLI has over 47,000 sq.m. of additional office and retail GLA currently under construction. In 2023, CLI is expected to complete 4,000 sqm of GLA mainly from Phase 1 of DGT.

<u>Hotel Projects</u>

In 2019, CLI opened its first hotel project with Citadines Cebu City in partnership with The Ascott Limited. Citadines Cebu City is a 180-room serviced residence strategically located within CLI's mixed-use lifestyle hub in midtown Cebu, the Base Line Center.

CLI currently has nine hospitality projects under construction to boost up its hotel business. These hotels have management agreements with well-known hotel management companies, including the three additional hotels with Ascott Limited, Sofitel Cebu and Mercure in Patria de Cebu with the Accor Group and Abaca Resort Mactan, the first resort project being developed by CLI, scheduled to open in 2025. In 2023, CLI is set to open 477 more room keys with the opening of The Pad, a co-living project, Base Line Lyf Hotel, and Citadines Bacolod, the city's first internationally branded hotel. Both hotels will be managed by Ascott Limited, one of the world's top international serviced residence companies.

As of 2022, the Company's key statistics for hospitality include: 180 rooms completed, ten projects included in portfolio and a 71% y-o-y growth in revenue.

Strengthening leadership in the Visayas and Mindanao Region

CLI has rapidly grown from its humble beginnings on a single 3-hectare land in Balamban. The Company has evolved into a fully integrated real estate developer with a growing, highly varied portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and townships spanning Visayas and Mindanao.

The Company has successfully expanded its residential offerings into the high-end segment with the Premier Masters selections. Its lineup of premium projects includes high-rises such as Base Line

Premier, 38 Park Avenue, Astra Center and Paragon Center that are designed for world-class living in prime urban locations. Garden Series, which promises open spaces and well-designed homes like Mivela Garden and Velmiro Greens Bohol cater to the middle market. Casa Mira remains to be the Company's flagship business as it caters to the affordable and economic housing sector and the Villa Casita line serves the socialized housing market.

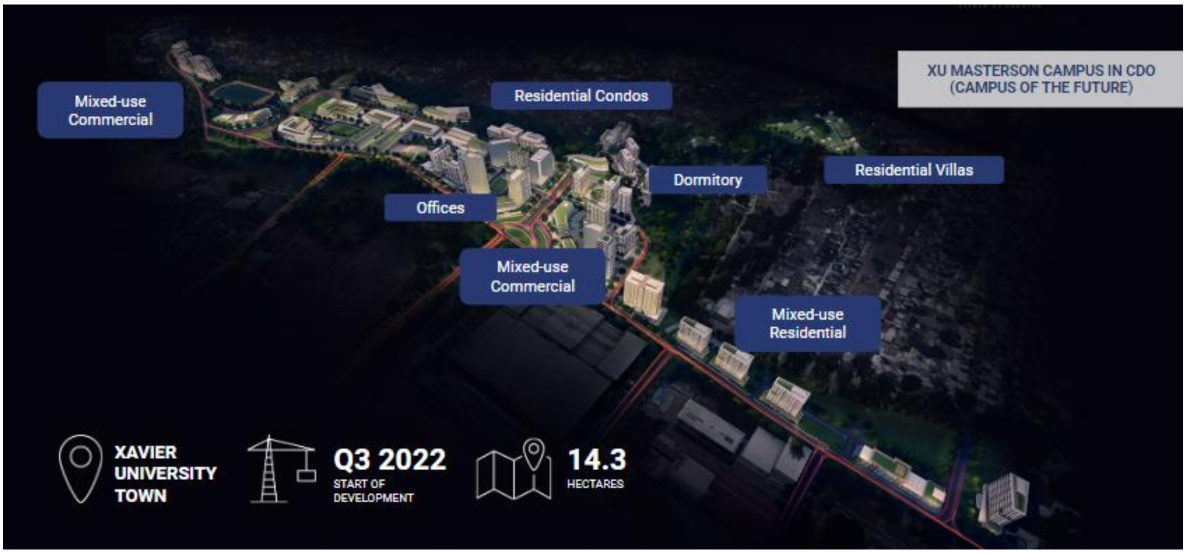
Venturing into township developments

With the establishment of Davao Global Township, a 22-hectare estate in Matina, Davao, in 2018, CLI began to move into bigger ventures. CLI immediately started land development in 2019 and is currently nearly completed, allowing for the start of Phase 1 operations which includes the City Center, and Cultural center, Pavillon, the launch and start of pre-selling for East Village condominiums, and lot sales.

To further expand on townships, CLI has also ventured into a reclamation project with the government of Minglanilla, Cebu to reclaim and develop 100 hectares of land into a business park that integrates residential, commercial, and light industrial through the Company's joint venture ("**JV**") project named Ming-Mori Development Corporation ("**MMDC**"). During the year, CLI increased its stake in MMDC from 20% to 78%. This is expected to streamline CLI's operations as the developer and project manager of the Minglanilla Techno Business Park (Ming-Mori). In June 2021, MMDC obtained project approval from the Philippine Reclamation Authority ("**PRA**"), which coordinates and administers reclamation projects nationwide. The approval was the culmination of a comprehensive and stringent five-year review. This included the issuance of an Environmental Compliance Certificate by the

Department of Environment and Natural Resources, which required consultations with a wide range of stakeholders and the submission of development objectives showing its responsiveness to the environment. In October 2021, PRA issued its Notice to Proceed with the reclamation.

In 2021, CLI signed a Memorandum of Agreement ("**MOA**") to acquire 14.3 hectares of Xavier University – Ateneo de Cagayan's Manresa Property in uptown CDO. Proceeds of which will be used by Xavier to develop the new Xavier University Masterson Campus. CLI plans to build developments as an essential part of the master plan, integrated into this university community. The new 21-hectare Xavier University Masterson Campus is envisioned to catalyze further development of CDO as Northern Mindanao's education hub with a sustainable and New Normal-ready Campus Master Plan.



The company has also ongoing negotiations with landowners in Cebu and Bacolod to further strengthen its play on estate developments.

Completed Projects

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion

1	San Jose Maria Village – Balamban	Balamban, Cebu	Horizontal	Residential	Mid-Market	231	206	2006
2	San Jose Maria Village – Minglanilla	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	145	145	2008
3	San Jose Maria Village – Talisay	Talisay City, Cebu	Horizontal	Residential	Mid-Market	96	96	2012
4	San Jose Maria Village – Toledo	Toledo City, Cebu	Horizontal	Residential	Mid-Market	144	105	2010
5	Villa Casita Balamban	Balamban, Cebu	Horizontal	Residential	Socialized	101	100	2015
6	Midori Plains	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	370	370	2014
7	Asia Premier Residences	Cebu City	Vertical	Residential	High-End	88	88	2012
8	Base Line Residences	Cebu City	Vertical	Residential	High-End	201	201	2013
9	Midori Residences	Mandaue City, Cebu	Vertical	Residential	Mid-Market	396	396	2014
10	Park Centrale Tower	Cebu City	Vertical	Office	Office	55	55	2015
11	Mivesa Garden Residences (Phase 1)	Cebu City	Vertical	Residential	Mid-Market	479	471	2016
12	Mivesa Garden Residences (Phase 2)	Cebu City	Vertical	Residential	Mid-Market	458	450	2016
13	Velmiro Heights (Phase 1)	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	348	346	2016
14	Casa Mira Linao (Phase 1 and 2)	Minglanilla, Cebu	Horizontal	Residential	Economic	725	723	2016
15	Casa Mira Towers Labangon Tower 1	Cebu City	Vertical	Residential	Economic	272	271	2018
16	Casa Mira Towers Labangon Tower 2	Cebu City	Vertical	Residential	Economic	414	412	2019
17	Casa Mira South Phase 1A	Naga, Cebu	Horizontal	Residential	Economic	342	341	2018
18	Casa Mira South Phase 1B	Naga, Cebu	Horizontal	Residential	Economic	667	664	2018
19	Casa Mira South Phase 2A	Naga, Cebu	Horizontal	Residential	Economic	494	491	2019
20	Casa Mira South Phase 2B	Naga, Cebu	Horizontal	Residential	Economic	250	247	2019
21	MesaVerte Residences Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	252	250	2019
22	MesaVerte Residences Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	252	244	2019
23	Base Line Retail**	Cebu City	Vertical	Mixed-Use/ Commercial	Retail	5,918 sq.m.		2019

24	Citadines Cebu City*	Cebu City	Vertical	Hospitality	Hotel	180 rooms		2019
25	Base Line HQ	Cebu City	Vertical	Office	Office	64	59	2019
26	Base Line Premier	Cebu City	Vertical	Residential	High-end	379	379	2019
27	MesaVerte Residences Tower 3	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	294	290	2019
28	Guadalupe Pinamalayan Socialized Housing Project	Mindoro	Horizontal	Residential	Socialized	338	239	2019
29	Latitude Corporate Center	Cebu City	Vertical	Office	Office	58	57	2020
30	Villa Casita North	Bogo City, Cebu	Horizontal	Residential	Socialized	663	652	2020
31	Mivesa Garden Residences (Phase 3)	Cebu City	Vertical	Residential	Mid-market	576	562	2020
32	MesaTierra Garden Residences	Davao City	Vertical	Residential	Mid-market	677	670	2021
33	Casa Mira Coast	Dumaguete City	Horizontal	Residential	Economic	543	510	2021
34	MesaVirre Building A	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	294	286	2021
35	MesaVirre Building B	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	442	413	2021
36	Velmiro Uptown CDO	CDO City, Misamis Oriental	Horizontal	Residential	Mid-Market	395	391	2023
37	Citadines Cebu City*	Cebu City	Vertical	Residential	Mid-market	92	86	2019
38	DGT Lot	Matina, Davao CIty	Estate	Townships	Mid-Market	27	0	2022

Ongoing projects (under construction)

No.	Project	Location	Construc tion	Type	Use	No. of Units	Sold Units	Comp letion
1	Base Line Prestige	Cebu City	Vertical	Residential	High-end	351	340	2023
2	Base Line Lyf Hotel	Cebu City	Vertical	Hospitality	Hotel	159 rooms		2023
3	Astra Lifestyle Mall	Mandaue City, Cebu	Vertical	Mixed-Use/ Commercial	Commercial	13,464 sq.m.		2024

4	Radisson Red	Mandaue City, Cebu	Vertical	Hospitality	Hotel	144 rooms		2024
5	One Astra Place Residences 1	Mandaue City, Cebu	Vertical	Residential	High-end	478	470	2024
6	One Astra Place Residences 2	Mandaue City, Cebu	Vertical	Residential	High-end	533	513	2025
7	MesaVirre Building C	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	336	308	2023
8	38 Park Avenue	Cebu City	Vertical	Residential	High-end	764	731	2022
9	The Park @ 38 Park Avenue	Cebu City	Vertical	Mixed-Use/ Commercial	Commercial	1,899 sq.m.		2023
10	Citadines Paragon	Davao City	Vertical	Hospitality	Hotel	263 rooms		2024
11	Velmiro Plains Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Mid-market	342	306	2023
12	Casa Mira Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Economic	431	332	2023
13	One Paragon Convention Center	Davao City	Vertical	Mixed-Use/ Commercial	Commercial	6,650 sq.m.		2024
14	Citadines Paragon	Davao City	Vertical	Residential	High-end	188	76	2024
15	One Paragon Place	Davao City	Vertical	Residential	High-end	554	547	2024
16	Casa Mira Towers CDO Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Economic	444	441	2024
17	Casa Mira Towers CDO Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Economic	542	542	2024
18	Casa Mira Towers Mandaue Phase 1	Mandaue City, Cebu	Vertical	Residential	Economic	821	683	2023
19	Patria Plaza	Cebu City	Vertical	Mixed-Use/ Commercial	Commercial	2,467 sq.m		2023
20	Patria de Cebu Office	Cebu City	Vertical	Office	Office Condo	3,444 sq.m		2023
21	Patria de Cebu Hotel	Cebu City	Vertical	Hospitality	Hotel	167 rooms		2024
22	Citadines Bacolod	Bacolod City, Negros Occidental	Vertical	Hospitality	Hotel	200 rooms		2023
23	Mivela Garden Residences	Cebu City	Vertical	Residential	Mid-market	1,585	1,338	2025

24	Velmiro Greens Bohol (Phase 1)	Dauis, Bohol	Horizontal	Residential	Mid-market	204	200	2024
25	Casa Mira Iloilo	Iloilo City, Panay	Horizontal	Residential	Economic	1,109	1,041	2022
26	Casa Mira Towers Mandaue Tower 2	Mandaue City, Cebu	Vertical	Residential	Economic	407	238	2023
27	Casa Mira South (Phase 3B)	Naga, Cebu	Horizontal	Residential	Economic	456	452	2023
28	Casa Mira Towers Guadalupe T1	Cebu City	Vertical	Residential	Economic	544	506	2023
29	Casa Mira Towers Guadalupe T2	Cebu City	Vertical	Residential	Economic	234	214	2023
30	Casa Mira Dumaguete (Phase 1)	Dumaguete City, Negros Oriental	Horizontal	Residential	Economic	517	474	2022
31	Casa Mira Towers LPU	Davao City	Vertical	Residential	Economic	930	929	2023
32	LPU Town Davao	Davao City	Vertical	Mixed-Use/ Commercial	Commercial	170,000 sq.m		2024
33	Casa Mira Linao (Phase 3)	Minglanilla, Cebu	Horizontal	Residential	Economic	126	126	2024
34	Casa Mira South (Phase 3A)	Naga, Cebu	Horizontal	Residential	Economic	162	162	2024
35	Velmiro Heights CDO	CDO	Horizontal	Residential	Mid-market	518	506	2022
36	CMT - Guadalupe T3	Cebu City	Vertical	Residential	Economic	453	323	2025
37	Mandtra Residences T1	Mandaue City, Cebu	Vertical	Residential	Mid-market	595	518	2025
38	Terranza Residences	Iloilo City	Vertical	Residential	High-end	600	568	2026
39	Casa Mira Ormoc	Ormoc	Horizontal	Residential	Economic	685	635	2024
40	Casa Mira South Phase 4A	Naga, Cebu	Horizontal	Residential	Economic	666	665	2023
41	Casa Mira South Phase 4B.1	Naga, Cebu	Horizontal	Residential	Economic	198	197	2023
42	Mandtra Residences T3	Mandaue City, Cebu	Vertical	Residential	Mid-market	599	344	2025
43	Casa Mira Towers - Bacolod	Bacolod City, Negros Occidental	Vertical	Residential	Economic	706	704	2026
44	Costa Mira Beachtown Mactan	Mactan, Cebu	Vertical	Residential	High-end	659	658	2027

45	Masters' Tower	CBP Cebu	Vertical	Office	Office Condo	4,886 sq.m	2026
46	Masters' Tower Retail	CBP Cebu	Vertical	Mixed-Use/ Commercial	Commercial		2026
47	Sofitel Cebu	CBP Cebu	Vertical	Hospitality	Hotel	195 rooms	2026
48	The Pad	Banilad, Cebu	Vertical	Hospitality	Dorm	256 rooms	2023
49	Banilad High Street Retail	Banilad, Cebu	Vertical	Mixed-Use/ Commercial	Commercial	1,033 sq.m	2023
50	Abaca Resort	Mactan, Cebu	Vertical	Hospitality	Resort	125 rooms	2025
51	Magspeak Mountain Resort	Balamban, Cebu	Vertical	Hospitality	Resort	13 villas 20 rooms	2025
52	Ming-Mori	Minglanilla, Cebu	Estate	Townships	Estate	244,081 sq.m	
53	Manresa Town	CDO City, Misamis Oriental	Estate	Townships	Estate	143,000 sq.m	

Notes:
**Citadines Cebu City has total of 181 condotel units with 92 units in inventory for sale.*
***Mixed-use – individual components already describe its respective number of units, hotel keys and gross leasable area*
****Not applicable as the project relates to pure hotel operations*

Newly launched Real Estate Projects in 2022

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion
1	Astra Corporate Center	Mandaue City, Cebu	Vertical	Office	Office Condo	66	7	2025
2	Casa Mira Dumaguete Ph2	Dumaguete City, Negros Oriental	Horizontal	Residential	Economic	87	87	2025
3	East Village T1	Matina, Davao City	Vertical	Residential	Mid-market	414	409	2026
4	East Village T2	Matina, Davao City	Vertical	Residential	Mid-market	314	311	2026
5	East Village T3	Matina, Davao City	Vertical	Residential	Mid-market	359	359	2026
6	Velmiro Bohol Expansion Ph2	Dauis, Bohol	Horizontal	Residential	Mid-market	52	40	2025
7	Casa Mira South Phase 4B.2	Naga, Cebu	Horizontal	Residential	Economic	159	159	2026

8	East Village T4	Matina, Davao City	Vertical	Residential	Mid-market	387	387	2026
9	Casa Mira Towers Palawan T1	Puerto Princesa, Palawan	Vertical	Residential	Economic	227	227	2027
10	Casa Mira Towers Palawan T2	Puerto Princesa, Palawan	Vertical	Residential	Economic	253	253	2027
11	Calle 104 T1 (Ramos)	Cebu City	Vertical	Residential	Mid-market	325	325	2028
12	Calle 104 T2 (Ranudo)	Cebu City	Vertical	Residential	High-end	192	184	2028
13	Casa Mira Homes Danao	Danao Cebu	Horizontal	Residential	Economic	595	251	2027
14	Costa Mira Beachtown Panglao	Panglao, Bohol	Vertical	Residential	High-end	692	301	2027
15	Casa Mira Towers Bacolod T3	Bacolod City, Negros Occidental	Vertical	Residential	Economic	327	112	2027
16	Casa Mira Towers Palawan T3	Puerto Princesa, Palawan	Vertical	Residential	Economic	241	74	2027

Newly launched Mixed-Use/Commercial Projects

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion
1	DGT Pavilion & Retail pods	Davao City	Vertical	Mixed-Use/Commercial	Commercial	3,812 sq.m		2023
2	Calle 104 Retail	Cebu City	Vertical	Mixed-Use/ Commercial	Retail	4,784 sq.m.		2028

<u>Residential developments</u>

The list below categorizes the projects according to market segments:

Horizontal (Subdivision) Projects:

Socialized: Villa Casita North and Villa Casita Balamban in Cebu; Guadalupe Pinamalayan Socialized Housing Project

Economic: Casa Mira Linao and Casa Mira South in Cebu; Casa Mira Coast and Casa Mira Homes Dumaguete in Negros Oriental; Casa Mira Bacolod in Negros Occidental; Casa Mira Iloilo in Panay; Casa Mira Ormoc in Leyte and Casa Mira Homes Danao

Mid-Market:	San Jose Maria Villages, Midori Plains and Velmiro Heights in Cebu; Velmiro Uptown CDO in Misamis Oriental; and Velmiro Plains Bacolod in Negros Occidental; Velmiro Greens Bohol

Vertical (Condominium) Projects:

Economic:	Casa Mira Towers Labangon, Casa Mira Towers Guadalupe and Casa Mira Towers Mandaue in Cebu; Casa Mira Towers CDO in Misamis Oriental; Casa Mira Towers LPU in Davao; Casa Mira Towers Bacolod and Casa Mira Towers Palawan
Mid-Market:	Midori Residences, Mivesa Garden Residences and Mivela Garden Residences in Cebu; MesaVerte Garden Residences CDO; MesaTierra Garden Residences in Davao; MesaVirre Garden Residences in Bacolod; Mandtra Residences, The East Village in DGT and Calle 104 T1 in Cebu
High-End:	Asia Premier Residences, Base Line Residences, Base Line Premier, Base Line Prestige, 38 Park Avenue, and One Astra Place in Cebu; and One Paragon Place in Davao, Terranza Residences in Iloilo; Costa Mira Panglao in Bohol; Costa Mira Beachtown in Mactan and Calle 104 T2 in Cebu

<u>Horizontal (Subdivision) Projects</u>

Villa Casita Balamban

Launched in 2014, CLI's first socialized housing development is located at Buanoy, Balamban, Cebu. With a land area of 8,128 sq.m., it consists of 101 row house units having a lot area of 36 sq.m. and a floor area of 22.65 sq.m. Pre-sold units were priced at about ₱400,000.00. It is fully developed, completed, and sold out.

Villa Casita North

The second project of the Company's Villa Casita brand offers its homeowners well-designed homes, well-planned site development, and sizable green spaces for parks and community facilities traditionally found only in mid-market or upscale developments. The development is designed to provide over 686 homes to families in the North of Cebu with a selling price of ₱480,000.00 per unit.

Guadalupe Pinamalayan Socialized Housing Project

This socialized housing project in Pinamalayan, Oriental Mindoro, was started in 2015 in collaboration with Habitat for Humanity. The 3.9-hectare initiative includes 338 single-story and detached units, with 77 of them going to Habitat for Humanity recipients.

Casa Mira Linao

Launched in 2015, Casa Mira Linao is CLI's first foray into economic housing development. The project is located in the hills of Linao-Lipata, Minglanilla, Cebu on a 12-hectare property. Phase 1 and 2 comprises 725 townhouse units with floor areas ranging from 37 to 62 sq.m and average selling price starting from ₱0.90 million to ₱1.40 million. It is fully developed, completed, and sold out.

In 2020, CLI launched Casa Mira Linao Phase 3 composing 126 single-detached townhouse units with 59 sq.m. in floor areas at an average selling price of ₱3.50 million.

Casa Mira South

Launched in 2016, this economic housing development is located in the Naga City and the Municipality of San Fernando, both in Cebu. This 32-hectare community built on a rolling terrain that allows for expansive views and generous open spaces and amenities is divided into four phases consisting of over 3,000 townhouse units, with each unit having floor areas ranging from 36 to 59 sq.m. Average pre-selling price ranges from ₱1.10 million to ₱1.60 million. Phase 1 and 2 are completed and turnover to unit owners is almost complete. In 2018, it was awarded as the Best Housing Development in Cebu at the Philippine Property Awards.

In 2020, CLI launched Casa Mira South Phase 3A and Phase 3B with 618 units at an average pre-selling price of ₱1.20 million to ₱2.60 million. Due to the robust demand for the project, CLI launched Phase 4 in 2022 with a total of 1,023 units and sales value of ₱2.40 billion. As of the end 2022, these projects are fully sold.

Casa Mira Coast

Casa Mira Coast, a residential economic subdivision located in Barangay Maslong, Sibulan, Negros Oriental, is a 5.3-hectare project that consists of 543 townhouses selling at ₱1.60 million to ₱2.20 million. It offers amenities that are not only top of the line but also affordable. Apart from this, the project has a breathtaking view of the nearby coast and is only 2.0 km away from the Dumaguete Airport.

Casa Mira Dumaguete

Launched in 2020, the second Casa Mira project in Negros Oriental is located in a 7-hectare land in Junob, Dumaguete City. Its modern architecture and design were inspired by the classic American Country Home. This development is split into two phases with a total of 586 house and lot units. Phase 1 was already launched during the year 2021 with selling prices ranging from ₱2.20 million to ₱3.70 million per house and lot while Phase 2 is currently in the planning stage. Average floor range is 60 to 135 sq.m.

Casa Mira Bacolod

Casa Mira Bacolod is the 7th Casa Mira project of CLI with 431 house and lot units. With its accessible location, homeowners enjoy more the conveniences brought by business establishments, malls, schools, churches and major institutions. The development offers generous open spaces and well-planned amenities at an affordable price ranging from ₱1.70 million to ₱2.20 million. The well-designed houses range from 40 to 46 sq.m. in floor area.

Casa Mira Homes Iloilo

This 14-hectare community features a contemporary mix of townhouses and single detached units inspired by the cultural evidence of the Spanish colonial era that has been part of our Philippine history. Its design and architecture mimic that of the Bahay na Bato that is one of the most iconic historical places in Iloilo. In 2020, CLI launched its first project in Iloilo City, Panay comprising 1,109 house and lots with a typical floor area of 48 sq.m. and average pre-selling price of ₱1.80 million to ₱2.70 million.

Casa Mira Homes Ormoc

Casa Mira Ormoc is the first Casa Mira brand in Leyte. It has a very strategic location and it offers affordable townhouse units with very generous payment schemes. Casa Mira continues to expand to major key cities in Visayas and Mindanao and is launching its first project in Eastern Visayas. Casa Mira Homes Ormoc is a 9.13-hectare residential subdivision in Brgy. Luna Ormoc City.

Casa Mira Danao

Strategically located in Danao City Cebu, this vibrant community in the north provides a home that allows buyers to relish in peacefulness while maintaining close proximity to everything being needed. CLI launched 595 units of this project in Q4 2022 with a sales value of ₱1.97 Billion. Site development works are being implemented while full completion is expected to be in 2026.

San Jose Maria Villages ("SJMV")

This series of villages located in the south and southwest of Cebu City paved the way for CLI in providing affordable mid-cost quality homes to the middle market segment. SJMV offered a mix of single-detached, semi-attached townhouses and lot-only choices to the buyers. SJMV-Balamban is a 3.0-hectare development with 231 units launched in 2013 SJMV-Minglanilla is a 2.9-hectare development with 145 units launched in 2007. SJMV-Toledo is a 3.0-hectare development with 144 units launched in 2009. SJMV-Talisay is a 1.9-hectare development with 96 units launched in 2010. Lots were pre-sold at ₱7,000.00 per sq.m., while house and lot units averaged at ₱1.40 million to ₱3.60 million. All SJMV projects are fully developed and completed, with both SJMV-Minglanilla and SJMV-Talisay sold out.

Midori Plains

Launched in 2011, this mid-market development is located in the Municipality of Minglanilla, Cebu. This 7.0-hectare Asian-inspired subdivision south of Cebu City has 370 residential units ranging from townhouse units with 40-sq.m. floor areas to single-detached units with an area of 77 sq.m. each. It is fully developed, completed and sold-out.

Velmiro Heights Cebu

This mid-market development was launched in 2013 and is located on an 8.80-hectare property in Tunghaan, Minglanilla, Cebu. This 348-unit development offers 11 different house models, ranging from townhouses to single-detached, two-storey units. Townhouses have 60-sq.m. floor areas, while the largest unit contained 131 sq.m. of living space. Townhouses were pre-sold at an average price of ₱1.70 million while the largest single-detached unit is about ₱5.30 million. Phase 1 is now fully developed, completed, and sold, while Phase 2's 81 units are still on the market.

Velmiro Uptown CDO

Launched in 2017, Velmiro Uptown is located in Upper Canituan, CDO City, providing easy access to various establishments in the city. This 14-hectare mid-market residential subdivision has a total 395 house and lot units nestled at a prime spot in CDO City. The project offers a mix of units from townhouses to single detached houses with floor areas 60 to 106 sq.m. respectively. The average selling price ranges from ₱2.40 million to ₱5.00 million. The project has started turnover to new homeowners in 2022.

Velmiro Plains Bacolod

Bringing new heights to the City of Smiles in 2019 is Velmiro Plains Bacolod. This 8.3-hectare development is a modern mid-market residential community comprising 342 house and lot units with floor area ranging from 60 sq.m. to 106 sq.m. Located strategically at Granada, Bacolod City, the average selling price ranges from ₱2.60 million to ₱4.20 million per house and lot.

Velmiro Greens Bohol

CLI's first development in this 3.6 ha property in Dauis Panglao, Bohol is accessible to schools, places of worship, tourist spots, malls, beach resorts and other major establishments. The project offers a mix of units from townhouses to single detached houses with average floor area ranging from 48 sq.m. to 67 sq.m. Average prices range from ₱2.30 million to ₱3.60 million per house and lot.

<u>Vertical (Condominium) Project</u>

Casa Mira Towers Labangon

Launched in 2016, this is CLI's primary venture in the economic segment of residential condominiums. The project is located in Labangon, Cebu City on a 3,681-sq.m. property that used to be the location of the old CLI headquarters. This two-tower development on top of a commercial podium has a total of 686 residential units. It offers 20-sq.m. studio units and 1-bedroom units averaging 37 sq.m. units pre-sold at ₱1.25 million to ₱1.43 million. Construction for the development started in 2016 and completed in 2018.

Casa Mira Towers Guadalupe

Located across the Fooda intersection of V. Ramos St., and V. Rama, is a beautifully designed three-towered residential condominium that offers quality living and an upgraded lifestyle. This three-tower residential condominium has a total of 1,231 condominium units and retail components. A studio room currently costs around ₱2.60 million from its pre-selling price at ₱1.58 million. Tower 1, with 544 condo units, is fully sold and unit turnovers are expected to begin in 2022. Tower 2, with 234 units, was launched in 2020 while Tower 3 was launched in 2021 with development now ongoing.

Casa Mira Towers Mandaue

Launched in 2019, Casa Mira Towers Mandaue, a four-tower mid-rise condominium located in Marciano Quizon, St, Mandaue City, Cebu, is the 8th development of CLI's Casa Mira flagship housing community. The project offers a mix of studio and one-bedroom units with prices ranging from ₱75,000.00 to ₱80,000.00 per sq.m. Phase 1 and Phase 2 development has 659 units and 736 units, respectively. This includes Tower 1 which is scheduled to be launched by Q1of 2023. The project is expected to be delivered and turned over by 2024.

Casa Mira Towers CDO

Located within the progressive city of CDO, Casa Mira towers CDO is a two-tower residential condominium with 986 units offering an upgraded lifestyle for the Filipino family. Launched in 2019, the development also has its own retail spaces on the ground floor area providing utmost convenience to its residents. With more space and more amenities, Casa Mira Towers CDO prides in giving its residents more value for their homes. The project had sold out in 2020, despite the nationwide community quarantines and the global pandemic.

Casa Mira Towers LPU

Located within minutes from Davao's Francisco Bangoy International Airport, Casa Mira Towers LPU is composed of two residential towers and retail at the podium with 930 condominium units. The project will have a retail component at the ground floor for retail and food outlets to cater students from Lyceum of the Philippines – Davao. This two-tower project is to support LPU Davao as a globally competitive university township – a one-stop development with not just a standalone university, but including supplementing components such as residential, hospitality, retail, and meetings, incentives, conventions, and exhibitions needs; and to position Davao as one of the country's up-and-coming bustling and vibrant destinations.

Casa Mira Towers Bacolod

Cebu Landmasters launched its 5th development in Bacolod City, P1.8 billion Casa Mira Towers Bacolod. Casa Mira Towers Bacolod, a four-tower residential project that's part of a masterplanned CLI complex along Lacson Avenue in Bacolod City where a branded hotel, commercial complex and another three-tower residential condominium of CLI garden series brand situate. Designed to give more to its residents, the development is perfect for families looking for an active lifestyle.

Casa Mira Towers Bacolod Tower 1 and 2 is now 100% sold, generating a sales value of Php1.6 billion for 706 units. This is a testament of a robust demand for housing and Bacolod market's strong acceptance of the project.

Casa Mira Towers Palawan

CLI positioned its fastest selling brand in Palawan as it launched its first development in the city. The first three buildings of Casa Mira Towers Palawan have 721 units and were able to generate P1.63-billion reservation sales from the expected ₱2-billion sales. The Palawan project has projected gross revenues of ₱6 billion from the 7 towers with phase one set for completion in the last quarter of 2027.

Midori Residences

This zen-inspired twin-vertical mid-market residential condominium development is located in Mandaue City, Cebu. Its 22-sq.m. studio and 40-sq.m. 1-bedroom units were pre-sold at an average of ₱1.30 million to ₱2.60 million. It is fully developed, complete and fully sold out a total of 396 units.

Mivesa Garden Residences

Located in Lahug, Cebu City and launched in 2013, this 1.8-hectare development is a home to seven mid-rise, mid-market residential buildings, and is designed as a garden-inspired community which has 60% open spaces within the prime property. This is a three-phase project with the first two phases covering the first five buildings. The first two phases offer 937 units consisting of studio, 1-bedroom and 2-bedroom units. Pre-selling started at ₱1.20 million for a 20-sq.m. studio unit, and up to ₱2.90 million for a 2-bedroom 48-sq.m. unit. Phase 1 and 2 are completed and delivered. Phase 3 with a total of 576 units is completed and started turn-over in 2020.

Mivela Garden Residences

Mivela Garden Residences is a ₱5.30 billion project, located in Banilad, Cebu City, with four-towers and 1,585 condo units. The Best-Selling Garden Series development has generated overwhelming buyer interest as it is 80% sold out after 3 weeks of selling. The project is close to major establishments providing urban comforts within near distance while maintaining its serene and refreshing ambiance. Construction immediately started and will be completed by the first half of 2025.

MesaVerte Residences

Launched in 2015, this is CLI's initial entry into the Mindanao market. It is located on an 8,740-sq.m. property in downtown CDO, Misamis Oriental, and 60% of the property is dedicated to open spaces. The project offers 20-sq.m. studio and 39-sq.m. 1-bedroom units which were pre-sold at ₱1.47 million and ₱2.88 million, respectively. The development is fully sold and is completed.

MesaTierra Garden Residences

Located in Emilio Jacinto Extension, the heart of Davao City, this 5,094 sq m. mid-market condominium has a total of 677 residential units priced between ₱1.60 million to ₱3.40 million. This development has various amenities like swimming pools, a sky garden, a playground and workspace. This condo project is now completed and turned over.

MesaVirre Garden Residences

Launched in the first quarter of 2018, MesaVirre Garden Residences, a three-tower mid-market condominium with 1,072 condo units, is CLI's first project in Bacolod. The project is only 17 minutes away from the airport, 3 km from the Riverside hospital and situated near a number of malls.

Mandtra Residences

Mandtra Residences, located along P. Basubas Street, Tipolo, Mandaue City, offers industrial, modern, and elegant living spaces and amenities. A lush tropical enclave where homeowners can enjoy a well-balanced life within the city. It sets the standard for Cebuano living at the heart of its industrial heritage. A joint venture project between Cebu Landmasters Inc. and Cebu Homegrown Developers, Inc., Mandtra Residences offers elegant living spaces from studio units and 1-bedroom units with balcony and terraces. This Php 3-billion project, has a total land area of 12,405 square meters, 3 residential towers and a retail component.

The East Village @ DGT

The East Village at DGT is the first residential development in the township with over 2,000 residential unit offerings spread across the 6-tower vertical village. The newly launched and sold-out four towers with a total of 1,474 units generating a sales value of ₱5.8 Billion. The project immediately broke ground in the second quarter of 2022 and are scheduled for completion in the third quarter of 2026.The East Village is a project of YHEST Realty Development Corp., CLI's joint venture with the Yuson, Huang and Tan families belonging to the Villa-Abrille clan of Davao.

Asia Premier Residences

Launched in 2010, CLI's first vertical high-end residential condominium project is located at the Cebu IT Park, Cebu City. The development is also the first residential development in the area. The units ranged from studio units sized at 28 sq.m. and 3-bedroom units measuring 109 sq.m. It is fully developed and completed and has since sold out its 88 units.

Base Line Residences

This 201-unit residential condominium project is located in uptown Cebu City on Juan Osmeña Street. The project offered 23-sq.m. studio units at a pre-selling price of ₱1.59 million, while its 41-sq.m. 1-bedroom unit pre-sold at ₱3.15 million. The project was launched in 2011, and is fully developed and completed, with its 201 units having been sold out.

Base Line Premier

This development was launched in 2015 as the residential component of Base Line Center, a one-hectare mixed-use development located along Juan Osmeña Street, Cebu City and right beside another CLI project, Base Line Residences. It has 379 units consisting of 24-sq.m. studio and 45-sq.m. 1-bedroom units. Studio units pre-sold at ₱2.22 million, while 1-bedroom units pre-sold at ₱4.16 million. Construction started in March 2016 and was completed in 2018.

Base Line Prestige

Located in Juana Osmena St., Kamputhaw Cebu City, this high-end residential condominium is the final tower to rise in the Base Line Center. With 351 units, each unit is designed to be spacious and accessible to various establishments. This tower has a wide range of amenities, from retail podiums, fitness gyms, pools, and playgrounds. Units for this project are being sold for ₱2.00 million to ₱10.00 million. The project is set to be completed by 2023.

38 Park Avenue

38 Park Avenue was launched last 2017 with a total of 764 units. This 38-floor New York inspired condominium is designed to be the highest building in Cebu I.T. Park offering an exclusive and breath-taking 360 view of the city. 38 Park Avenue presents five types of condo residences: studio (24 sq.m.), one-bedroom (54 to 56 sq.m.), two-bedroom (80 sq.m.), three-Bedroom (111 to 137 sq.m.) and penthouse (320 to 420 sq.m.). The project is now completing and turn over to buyers are currently on-going.

One Astra Place Residences

Situated in the heart of A.S. Fortuna Street, the lifestyle avenue of Mandaue City, One Astra Place is the residential component of Astra Centre, a mixed-use development that carries astounding design of residential towers, upscale lifestyle mall, world-class hotel and modern office spaces. One Astra place is a 15-storey condominium at 99% take-ups that comes with a wide range of world-class amenities and features. The second residential tower was launched in 2019 with 96% take-up as of December 31, 2022. The project is scheduled to be completed by 2024.

One Paragon Place

It is a prime residential tower integrated within The Paragon Davao, a master-planned development designed to be a lifestyle destination in Davao City. Standing in 26 storeys high, it has full range of amenities that residents can enjoy and well-designed units that showcase the astounding panoramic views of the city. One Paragon Davao is currently 99% sold, with 547 units selling for ₱2 billion.

Terranza Residences

Terranza Residences is a partnership with International Builders Corp. (IBC) under a joint venture called GGTT Reality. The 33-storey Terranza Residences is CLI's second Iloilo City project. It is expected to be completed by 2025, bringing in as much as ₱2.40 billion in revenues. It will be home to 600 units on a 2,539-sq.m. property. The residential segment will offer one-bedroom units spanning 24 sq.m. to 174 sq.m., which may be combined, as well as penthouse units with 117 sq.m. of space to as much as 174 sq.m. The project will feature a sky lounge, a rooftop garden, a play area, fitness gym, and a helipad.

Costa Mira Beachtown Mactan

The first CLI resort living project, Costa Mira Beachtown, is located in Mactan, Cebu. The development consists of three towers, the first two of which were launched in 2021 and are nearly sold out. Because of the tremendous demand, the two more towers will be launched in the latter part of 2023 and are scheduled to be completed by 2027.

Calle 104

Calle 104 is a joint venture project of CLI and Borromeo Brothers Estate, Inc. under Cebu BL-Ramos Ventures, Inc. It is located in Cebu City's Ramos and Ranudo streets. The 5,530-square meter (sq.m.) property has two towers: Ramos Tower has 20 floors while Ranudo Tower has 18 floors. Ramos Tower has 325 studio and one-bedroom units, while Ranudo Tower has 192 studios and three-bedroom penthouse units. Prices of the units range from ₱3.5 million to P23.7 million. Calle 104, which was immediately sold out during launch ,will be completed by the fourth quarter of 2026 and is projected to bring ₱3 billion in gross revenues.

Costa Mira Beachtown Panglao

Costa Mira Panglao is CLI's second resort living condominium. The development is under the joint venture company CLI-LITE Panglao, inc. and is designed to have three towers beside the famous Panglao beach. In November of 2022, the joint venture launched two towers with a total project value of ₱3.5 Billion. After a month of selling, 43% of the 692 units were already sold. The last tower is scheduled to start pre-selling in Q3 2023 while the whole development is set to complete by 2027.

Office Projects

In 2013, CLI opened its first office property, Park Centrale at IT Park Cebu, taking advantage of the growing BPO sector in Cebu. CLI's current strategy is to significantly expand its recurring revenue projects in order to deliver 200,000 sq.m. over the next five years in terms of gross leasable area (GLA).

In 2020, the Company turned over Latitude Corporate Center, a Grade A office tower at the Cebu Business Park with a Gross Floor Area (GFA) of 21,000 sq.m. Building development for Astra Corporate Center (18,823 sq.m. GFA) and Patria de Cebu Office (4,562 sq.m. GFA) are currently ongoing.

Office Buildings: Park Centrale Tower, Base Line HQ, Latitude Corporate Center, Astra Corporate Center, Patria de Cebu Office and Masters Tower Cebu Office

Park Centrale Tower

Park Centrale Tower is CLI's first office development. Located at the Cebu IT Park, the 19-storey Grade B office tower was launched in 2013 with total GFA of 11,920 sq.m. and was completed in only two years of construction. The project was positioned to cater to both BPOs and executive offices. 60% of the office spaces were offered for lease, while the rest were fully sold as office condo units. In 2014, the project was awarded as the Best Commercial Development (Cebu) during the 2014 Philippines Property Awards.

Base Line HQ

This project is the office component of the Base Line Center, a major mixed-used development of CLI. Similar to the Company's successful Park Centrale, the said project also caters to both BPOs and executive offices. CLI offers for sale 77% of the 74 office units, while the remaining was retained for the Company's growing leasing business. The strategic location attracted customers in the medical, legal, government and outsourcing services.

Latitude Corporate Center

Latitude is a green building project registered with BERDE, the nationally accepted green building rating system used to measure, verify, and monitor the environmental performance of buildings that exceed existing mandatory regulations and standards in the Philippines. This 21,000-sq.m. (in GFA) development is a project of BL CBP Ventures, Inc., a joint venture company of CLI and Borromeo Bros, Inc. At 24 storeys, Latitude will be the tallest office development at the Cebu Business Park. As the project developer and manager, CLI uniquely positioned this project as a three-product office development with BPO, enterprise and executive office offerings. With its iconic design and green building features, the project is aiming for a 3-star BERDE certification. The BERDE project was completed in 2020.

Astra Corporate Center

Part of the mixed-use project in AS Fortuna, is Astra Corporate Center, the office leasing component of Astra Centre. The Office building is 15-storey high with a total of 18,823 sq.m. of GFA. The project is expected to be completed and be a source of leasing income of the Company by 2025.

Patria de Cebu Office

In 2018, CLI announced its partnership through a 40-year lease with the Archdiocese of Cebu to develop and operate a mixed-use project in the 6,670 sq.m. property. The project will be a redevelopment of the existing Patria de Cebu, an old Spanish establishment to accommodate hotel, retail, and offices. It will have approximately 21,000 sq.m. of GFA, with 4,562 sq.m. (GFA) of office spaces. The project is expected to be completed and fully operational by year 2024.

Masters Tower Cebu Office

On February 19, 2021, the Company unveiled its ₱4.00 billion skyscraper that is set to open in 2025. This mixed-use tower located on a 2,840 sq.m. area in the Cebu Business Park will have an iconic office component in anticipation of a robust economic recovery in the next few years.

The tower's office spaces from the 8th to the 12th floor anticipate the needs of locators who value efficiency and sustainability and keenly follow global trends. The spaces will highlight horizontal louvers to reduce solar heat by almost 70% and to create a comfortable work environment. In addition to the louvers that reflect Cebuano craftsmanship, sky gardens in every floor and throughout the LEED-registered building will enhance the well-being of its occupants.

Hotel and recreational development

In addition to its residential and office developments, CLI has recently entered the hospitality business starting with the completion of its first hotel, Citadines Cebu City in September 2019.

In 2021, CLI signed a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu nearby the IT Park. The Pad, with over 300 dormitory rooms is currently under construction and is expected to be completed by 2023.

The following are the projects under the hospitality business of CLI, its Subsidiaries and its associate Magspeak:

Hotel:	Citadines Cebu City, Radisson Red, Base Line Lyf Hotel, Citadines Paragon Davao, Citadines Bacolod, Mercure Hotel, Abaca Resort Mactan Cebu, and Sofitel Cebu City
Co-living:	The Pad
Resort:	Abaca Resort Mactan Cebu ,Magspeak

Citadines Cebu City

Starting operations in September 2019, the project is an international serviced residence with 180 rooms of which 92 units were offered for sale and 88 units were retained by the Company for recurring revenue. Citadines Cebu City is part of the mixed-use Base Line Center located in Juana Osmeña St, Cebu City, Cebu. It complies with international hospitality standards as it operates under the management of The Ascott Limited, the world's largest international serviced residence owner-operator.

Radisson Red

CLI expanded partnership with international hotel brands by signing a management contract with Radisson Hotel Group, one of the world's largest and most dynamic hotel groups, for the first Radisson RED in the Philippines. Radisson RED will be part of the Astra Centre, a major mixed-use development of CLI, along A.S. Fortuna St. in Mandaue City, Cebu. The 146 guest rooms of Radisson RED, with its unique design and upscale select service offering, injects life into the hotel through informal services. The development is scheduled for completion and operations by 2025.

lyf Cebu

Portion of the 3rd tower in Base Line Center project is lyf Cebu. This 153-room serviced residence project targets the booming local and foreign millennial market in Cebu City. The hotel will be managed by Ascott Limited, one of the world's leading international serviced residences. This project is set to be completed in 2023.

Citadines Paragon Davao

Located at General Douglas MacArthur Highway, Bucana Tolomo, Davao City, Citadines Riverside is an apartment hotel which will be managed by Ascott. The hotel is designed to provide guests its world class amenities, such as a fully equipped kitchen, home entertainment, dining, and retail outlets. Citadines Paragon is set to open by 2024.

Citadines Bacolod

Citadines Bacolod will be the first internationally branded hotel of Bacolod managed by Ascott Limited. The international hotel / serviced residences will provide 200 hotel units, an events hall, function rooms, meeting rooms, restaurants, bar and various hotel amenities within a 4,502 sq.m. property. The project is scheduled to open and start contributing to our hotel revenues by 2023.

Mercure Cebu Downtown

In 2018, CLI announced its partnership through a 40-year lease with the Archdiocese of Cebu to develop and operate a mixed-use project in the 5,186 sq.m. property. The project will be a redevelopment of the existing Patria de Cebu to accommodate hotel, retail, and offices. This Filipino-Spanish inspired hotel development will cater to 167 guest rooms and is expected to be completed and fully operational by year 2024.

Abaca Resort Mactan

The all-suite Abaca Resort Mactan is a luxury resort in the Punta Engaño area of Mactan island that has received the highest ratings from global travel experts. With a footprint of 4,328 sq.m., the property is one of the few remaining prime properties in the area with an attractive oceanfront and just a short drive from the Mactan Cebu International Airport. CLI envisions the Abaca Resort Mactan to expand to a 125-room all-suite luxury development from its current nine rooms, to be completed in 2025.

In 2020, Abaca Boutique Resort in Cebu was nominated as Asia's Leading Boutique Beach Resort 2020 and Asia's Leading Boutique Resort 2020 in the 27^{th} World Travel Awards.

Sofitel Cebu City

The first five-star luxury hotel in the Queen City of the South will rise on a 2,840 sq.m. property considered to be the remaining prime corner lot in the Cebu Business Park, Cebu City's prestigious central business district. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The sustainability of this LEED-registered building will be reflected in the design of the 14^{th} to the 32^{nd} floors which will house the luxury hotel with 195 guest rooms, a grand ballroom, 2 restaurants, executive lounge, meeting rooms, roof deck, swimming pool, gym, and spa.

The Pad

The Pad is the first entry of CLI on co-living spaces. The dormitory will have 312 semi-furnished rooms that can occupy three to four transients. The project is located along Banilad road, Cebu City which is strategically located near schools and BPOs. The Pad is integrated in the mixed-use development, Banilad Highstreet with retail spaces and storage facilities.

MagSpeak Mountain Resort and Villas

The 21-hectare mountain estate in Magsaysay Peak in Balamban, Cebu, with an elevation of 800 meters is a joint venture between CLI and MagsPeak Nature Park Inc. composed of Cebuano businessmen and fellow Caminoans, Bob Gothong, Segundino Selma Jr., Richard Ray King, and Douglas Gacasan.

MagsPeak will be one of the starting points of the Camino de Cebu trail favored by pilgrims expressing their religious devotion. The MagsPeak to Compostela pilgrim trail is a 42-kilometer route traversing the mountainside of Manunggal Balamban down to the Municipality of Compostela, whose patron, St. James the Apostle, is also a featured saint in the MagsPeak chapel. The Camino de Cebu is based on the traditional Camino of Spain which is composed of several trails that converge on the city of Santiago de Compostela in northwestern Spain.

MagsPeak devotees can further immerse in a spiritual retreat inside the beautiful Our Lady of the Pillar Chapel which overlooks the mountains, or contemplate the 20 stations along the 800 meter long Rosary Walk, or meditation quietly the Pieta in a garden inspired by Michelangelo, or do penance by climbing the 14 stations of the Way of the Cross from the entrance to the top of MagsPeak.

MagsPeak's offers a unique hospitality experience managed by CLI's Hospitality arm, CLI Hotels & Resorts. Opening in 2025, the resort comprises 13 exclusive mountain villas and 20 hotel rooms highlighting views of the Balamban mountain landscape and the western Cebu seascape.

<u>Mixed-use developments and Townships</u>

With its growing brand, experience, and portfolio, CLI pursued larger scale developments in prime urban locations.

Mixed-Use and Township: Base Line Center, 38 Park Avenue, Astra Center, Paragon Center, Patria de Cebu, Banilad Highstreet, Masters Tower, Cebu; Manresa Town, Ming-mori Reclamation Project and Davao Global Township

Base Line Center

CLI's first major mixed-use development is the Base Line Center, a 1.6-hectare modern redevelopment in the heart of midtown Cebu. The Company removed the existing structures in the old Base Line, a well-known favorite gathering place of Cebuano families, and built a mixed-use development. The project was completed in 2019.

38 Park Avenue

CLI, through its joint venture, El Camino, also acquired a 1.18-hectare property inside the Cebu IT Park, the largest remaining private property inside the prestigious address. This property called 38 Park Avenue at the Cebu IT Park, will be transformed into a mixed-use urban park with a 38-storey residential tower, BPO office, hotel, and retail boulevard.

Astra Centre

In 2017, CLI launched another major mixed-used development, the Astra Center, in the bustling AS Fortuna Mandaue area, a growing commercial district and the major thoroughfare that connects Cebu and Mandaue. This medium-density project will house a hotel, residential, office, and boutique mall.

Paragon Davao

Another mixed-use development by CLI is the Paragon Center, a joint venture project in Davao that was launched in 2018. The development comprises the premier condominium, One Paragon Place, Citadines Davao Hotel, a convention center, and a lifestyle retail strip.

Patria de Cebu

In 2018, CLI announced its partnership through a 40-year lease with the Archdiocese of Cebu to develop and operate a mixed-use project in the 6,670 sq.m. property. The project will be a redevelopment of the existing Patria de Cebu, an old Spanish establishment to accommodate hotel, retail, and offices. It will have approximately 21,000 sq.m. of GFA and is expected to be completed and fully operational by year 2025.

Banilad High street

CLI has inked a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu nearby the IT Park. Sugbo Prime Estate, the joint venture is a 7,500-sq.m. property along Banilad and nearby Cebu IT Park which houses several business process outsourcing firms. The joint venture is with the Farrarons family who owns two hotels and a strip mall in Cebu City. Banilad Highstreet will have commercial spaces, over 300 dormitory rooms, and a self-storage facility.

Masters Tower Cebu

Set to be completed in 2025, it will offer prime office and retail spaces and the first five-star luxury hotel in the Queen City of the South. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The tower is CLI's most iconic architectural structure to date, building a towering crown-like structure to represent the "Queen City of the South".

The architectural masterpiece will top-off at 192 meters above sea level and will be among the top three tallest structures in the metropolis. It will have a structural height of 172 meters high, with an architectural design inspired by the best of Cebuano creativity and craftsmanship, and with sustainability as one of its cornerstones having been conceptualized to use energy and resources efficiently and responsibly. Groundbreaking of the LEED-registered Masters Tower Cebu took place in September 2021. CLI is aiming for the building's LEED Gold certification.

Manresa Town

Manresa Town is a 14.3-hectare mixed-use development that's envisioned to be a vibrant university town to pair with the Xavier University Masterson Campus of the Future. The campus and the adjacent university town is a collaboration between Cebu Landmasters and Xavier University-Ateneo de Cagayan. Manresa Town is complete with retail, offices, and, most importantly, student and teacher friendly residential offerings creating a secure, vibrant and dynamic development with strong synergies that will benefit both XU and Uptown CDO – creating an academically stronger university and transforming the Uptown CDO area serving as a key catalyst for the economy of the region.

Davao Global Township

CLI also entered into another joint venture to develop a central business district in Matina, Davao. The 22-hectare estate, called Davao Global Township, will be developed into a large-scale self-contained community with office, residential, mall and institutional uses.

Ming-mori Reclamation Project

CLI is currently working on the Ming-mori Reclamation Project in its pipeline projects. This master planned reclamation development covering 100 ha was issued an ECC by the Department of Environment and Natural Resources ("**DENR**") on July 22, 2020, following a comprehensive two-year review. This project is a joint venture among the local government of Minglanilla and private consortium partners Ming-Mori Development Corp. The techno business hub will be a township project to house light industrial facilities with residential, commercial areas and an integrated port facility and to generate over 75,000 jobs in the municipality while meeting sound environmental guidelines.

CLI's Commitment To Sustainability

CLI published its first Integrated Report covering the performance of the year 2021 and released in mid-2022. The Compnay is scheduled to release its second one in accordance with globally-accepted systems and standards for 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 (IIRC).

This report is a coherent and a comprehensive system to communicate corporate disclosures and provide insights on the interconnections of CLI's capitals, key business activities, issues, risks, opportunities, strategies and impacts.

The exercise of measuring and managing data has allowed the Company to document, organize and measure economic, social and environmental impacts and use the output for better decision making, to improve organizational efficiency and increase transparency.

In 2022, the company enhanced its 5-Pillar Sustainability Strategy and moved towards embedding sustainability in the value creation process, from design development to property management, including all support functions.

More detailed information on the Company's sustainability journey and approach can be found in the Sustainability Report as an attachment to this document.

Leading property developer in VisMin with a distinguished brand and reliable track record of project execution proven during the pandemic

In the recent market study by Colliers international , CLI was identified as the no. 1 real estate developer in VisMin in 2022 with the largest market share among real estate firms. CLI dominates the industry with 21% market share based on sales take-up outpacing the industry due to a well-trusted and recognized brand by both local landowners and buyers.

CLI has responded well to the increasing market demands of VisMin, surpassing other developers in finishing construction and delivering completed units to its customers. On the average, CLI can convert raw land to a turned-over project in less than two to three years, depending on the project size. CLI's condominium developments BaseLine Residences, Park Centrale Tower, Mivesa Garden Residences, Midori Residences, and Casa Mira Labangon were delivered to the buyers in two years, as committed by the Company in its marketing materials.

The Company adopted a rigorous project management team approach, wherein key personnel from each business unit are given a regular platform to monitor project milestones and discuss important synergies and shared deliverables among business units.

CLI has shown its capacity to execute project delivery during the height of the COVID-19 pandemic. Construction activity at the Company's 24 locations continues to advance at a modest pace while following local health protocols and required permitting to continue its site operations. This effort is motivated by the Company's dedication to deliver quality real estate developments on schedule to its customers.

By the end of 2021, the economy had gradually reopened, allowing CLI to resume full-swing in construction with catch-up measures being implemented to make up for any delays brought about by the pandemic lockdowns.

Strategic location selection to provide value-for-money proposition to customer.

The criteria for choosing a location for CLI are very rigid. The Company continues to be on the lookout for properties of high value appreciation potential. CLI's site quality has always been a catalyst for its excellent sales success, whether for a high-end condominium project or an affordable housing project. CLI has projects in the region's most valuable real estate major key areas in Cebu, Iloilo, Bacolod, CDO, and Davao. The Company looks at locations within a two-kilometer radius of the closest highway for its mid-market and affordable housing developments. The Company has enhanced the facilities in the neighborhoods where its housing developments are located. This has always proved to be a win-win for the residents as well as the local neighborhood.

CLI's experience with the city and its communities, as a native developer, allows the Company to choose the best locations for its projects and to cater to the market's needs and tastes. San Jose Maria Village, Balamban, CLI's first project, was established when CLI's founder, Mr. Jose R. Soberano III, recognized that there was a ready demand for affordable housing among employees of Balamban's manufacturing companies.

Because of CLI's proven track record, landowners who wish to sell or develop their properties jointly find it easier to approach and work together with the Company. This is evidenced by the number of proposals from landowners regularly received by CLI to buy or develop their properties.

CLI gives its clients more value for their investments. Its properties are distinguished by the quality of its locations, award-winning planning and design, generous amenities, timely and quality construction, and industry-best customer service, after-sales and property management support at very competitive prices. The Company has a strong pipeline in various affordability levels, and will strive to continuously improve its products' value proposition. As a success criterion and as practiced, CLI has always projected its initial pre-selling prices to appreciate by at least 20-25% by the time the construction is completed. As an indication of the positive market response, a number of its projects have set selling records in the markets they are launched and 97% of the inventory from its completed projects has been sold out.

Highly diversified and expanding project portfolio and socio-economic markets

CLI is a fully integrated real estate developer with a highly diversified expanding portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and a township across 16 key areas in VisMin which include Greater Cebu, Bohol, Dumaguete, CDO, Davao, Iloilo, Bacolod, Ormoc, Butuan, and Palawan.

During the pandemic, the Company was able to maintain earnings stability because of its wide portfolio of projects that addressed the demands of consumers from various socioeconomic strata. In 2020, CLI expanded its affordable housing offerings to address the rising need for high-quality housing where everyone can feel safe and comfortable in their residence, which serves as a hub for work, school, and recreation.

As the economy improves in 2021, the Company has begun to release projects for the mid and premier market sectors during the year. CLI reported a 16% growth in reservation sales to ₱16.52 billion, with economic housing accounting for 41%, mid-market accounting for 27%, and high-end projects accounting for 31%.

With the market's growing need for safe and secure homes, CLI launched the "Embrace Home" campaign to emphasize the value of homes and to offer our CLI homes where people can embrace comfort, embrace a sense of security, and embrace life. CLI also quickly made available online platforms where buyers can purchase quality homes under flexible and comfortable payment terms and enticing promos. Continued from 2020, a year to reflect and adapt, and as for CLI—the Company took prompt action to continue its excellent services to its stakeholders, homeowners, and surrounding communities—through technology. CLI quickly adapted to change to strengthen the Company's digital presence, to attend to the stakeholders' concerns despite all the limits COVID-19 has given.

CLI reported reservations sales of ₱18.1 billion in 2022, an increase of 10% from 2021. 47% of sales were attributed to the company's mid-market brand, the Garden series. This comes after The East Village's debut and brisk sales, which prompted the debut of four towers with a combined 1,472 units in the same year.

Experienced management team and organizational culture

The Company aims to grow its workforce in line with high standards of professionalism, as it has over the last 20 years. The Group has grown from two employees to a dynamic team of 801 executives, managers, officers, and staff, with an average age 46 and over 250 years combined cumulative professional experience in their respective fields, who have contributed to the Company's culture of excellence and strong corporate governance. CLI's customer-first attitude and family-oriented team enables it to achieve high stakeholder satisfaction and establish strong brand equity.

CLI is led by a family of real estate professionals. Its founder, Chairman of the Board of Directors, President and CEO, Jose R. Soberano III, was a former executive at Ayala Land, where he played an integral role in the development of Cebu Business Park and Cebu IT Park, the two most valuable commercial districts in Cebu City up to this day. CLI has grown its talent pool with the addition of knowledgeable accounting and finance, business development, engineering, legal, marketing, and sales professionals with extensive experience and success in their respective professional careers. CLI's key executives have had prior experience in reputable companies from related industries such as real estate development, construction, power, banking, business process outsourcing, consulting, and others.

Socially Responsible Development

CLI is committed to demonstrate responsible planning and development. Wherever the Company develops, community and infrastructure improvements within the neighborhood are integral parts of the development plans. CLI has partnerships with various barangays, local government units and institutions, including Habitat for Humanity ("Habitat").

For partnerships with barangays, a fine example is the community improvements done in Barangay Lahug, Cebu City, as part of its Mivesa Garden Residences project. As its gesture of goodwill for the barangay and its constituents, the Company upgraded various barangay infrastructures including the widening of the Salvador Ext. barangay road, the installation of new drainage lines, and the construction of a three-storey public market in 2013. The previous market was located along the sidewalk, so the developer provided a more stable, hygienic, and secure facility. This was well received by the local community and as such, it serves as a testament that private development can also generate good social works.

CLI also developed a tricycle terminal for Barangay Quijada Guadalupe, right beside Casa Mira Towers Guadalupe. The terminal was built to alleviate traffic in the area caused by the loading and unloading of tricycle passengers. The new establishment provides safety and security to both passengers and operators of Guadalupe.

Additionally, CLI collaborated with Habitat for the '*Pinamalayan* Socialized Housing Project' and '*Bastikville* 4 Socialized Housing Project' in Quezon City, where CLI served as the developer of over 338 socialized units and 94 walk-up apartments. Aside from this, the Company generously contributed to the Habitat Bohol Rebuild Program in 2015, which aimed to rebuild over 8,000 homes affected by the October 2013 earthquake.

For its partnership with Ramon Aboitiz Foundation, Inc. ("RAFI"), CLI's current tree growing program includes over 229,000 native seedlings planted over 43 hectares. CLI collaborates with RAFI as part of its responsible compliance to Environmental Compliance Certificate requirements for its growing number of projects. Continuing seedling production, planting and maintenance activities are being conducted. This program has provided opportunities for farmers and fisherfolks organizations in CLI's host communities.

CLI is also an advocate of green building standards with some of its projects incorporating important green building and environmentally friendly features. Its Latitude Corporate Center office project is marked to be the first registered project in Cebu Business Park under *BERDE*, the Philippines' green building rating system that aims to promote sustainable design and operations.

In 2021, the Company operationalized Cebu Landmasters Foundation, Inc. (the "Foundation") that serves as a vehicle to pursue the Company's Corporate Social Responsibility ("CSR") agenda.

The Foundation's framework is based on the Company's vision, which is to be the most community-focused real estate company in the Visayas and Mindanao regions.

Through the Foundation, the Company's efforts on corporate citizenship are organized into a more coherent and focused set of programs. The Foundation has identified interventions that are aligned with the needs and priorities of partner communities: building capacities for livelihood, environmental stewardship, health, sanitation and wellness, and to help develop skills through education.

In 2022, the foundation enhanced its four-pillar strategy to emphasize its integrated social development program plan for the beneficiaries of its socialized housing developments, particularly those that are in partnership with LGUs. More than just providing for the needs of informal settler families, the company also lends its expertise in the area of socialized housing development, beneficiary selection, human settlements administration and property management to its partner LGUs. An example of which is the Company's engagement with Cebu City as partner LGU. The Company broke ground on its 100-unit, 5-storey socialized housing medium rise tenement building donated to the City of Cebu to resettle 100 informal settler families currently living in danger zones. While the building is being constructed, the Company created a task force composed of the following members: Cebu City's Local Housing Board, the Division for the Welfare of the Urban Poor, Department of Human Settlement and Urban Development, and *Barangay* Lorega San Miguel (the host barangay). The taskforce held regular sessions to plan for the beneficiary selection, social preparation, and property management of the building. The Company provided the taskforce with guidance and oversight, lending its expertise in the area of building maintenance and community development to help the LGU in the pre-settlement process, before the turn over.

Furthermore, the Company partnered with Mandaue City, to plan for a future socialized housing tenement building that will benefit informal settler families hit by a major fire incident in 2019 in *Barangay*, Tipolo, Mandaue City. In 2022, CLI broke ground on the 90-unit medium rise building called Tipolo Residences Building 4 in the presence of all 90 beneficiaries.

Towards the end of the year, when typhoon Odette hit Cebu, the Company responded to the needs of its host communities by providing food packs, roofing materials and solar lamps, which were distributed mostly in the early part of 2022, in areas that were severely affected by the typhoon, benefiting over 4,000 families. In addition, the Company provided ₱30.00 million assistance in roof repairs that benefited more than 800 homeowners affected by the typhoon.

Strategic joint venture partnerships

CLI takes pride in its ability to collaborate with and deliver great value to its JV partners. CLI is the project manager and developer in all its JVs. These JVs enable the Company to position itself in strategic locations such as Cebu Business Park through BL CBP Ventures, Inc., and Cebu IT Park through El Camino Developers Cebu, Inc.

CLI's JV partnerships are typically of a closer and more collaborative nature than the norm, where it treats its JV partners as true and equal business partners. Its collaboration results in better-suited products in the markets they are launched in, while benefiting from the market intelligence of its partners. Product execution and delivery are also improved by leveraging the professional and regulatory networks of its partners.

Collaborating with a JV partner also facilitated the Company's forays into new markets such as Davao, Bacolod,Iloilo and Bohol. After the success of MesaTierra, the Company entered into new partnerships with YHES to develop Paragon Center and with YHEST to develop Davao Global Township, both in Davao.

Another JV company, Cebu Homegrown Developers, Inc. with Ixidor holdings as our partner, is set to develop a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu as its first project. It is called Mandtra Residences. It has also acquired a strategic landbank in Talamban, Cebu, just outside the prestigious Prisinta North subdivision, from Aboitiz Land. The plan is for a high-end mid-rise mixed-use development that is in planning and design stages.

After the success of Latitude Corporate Center, CLI and Borromeo Bros. partnered afresh to develop another project in another prime location within Cebu City. Cebu BL-Ramos Ventures, Inc. was incorporated in 2020 to develop a mixed-use multi-tower residential condominium in Ramos Cebu City.

CLI also developed a high-end tower in Iloilo City with prominent Iloilo businessman Alfonso Tan, chairman of International Builders Corporation. The soon to complete high-rise residential tower is located on a prime corner lot in Iloilo City's downtown area. The tower will be the first condominium offering in the highly accessible location.

CLI created two JV partnerships in 2021. Sugbo Prime Estate, Inc. was formed to build the 7,500-sq.m. property. A great location along Banilad Cebu City will be transformed into a mixed-use development with retail spaces and a 300-room dormitory. In addition, the Company formed CLI-LITE Panglao Inc., a JV with Jun Lim of Lite Shipping Corp., to develop 4 hectares of property in Panglao, Bohol. In the last quarter of 2022, the said JV launched two towers of Costa Mira Panglao to be completed in 2027.

The Company's successful JV partnerships in its past and present projects underscores CLI's prominence as a preferred JV partner because of the priority it gives to its partners, its transparency in terms of project planning and accountability, and its quick execution and delivery of projects. The fast business development cycle it implements makes the Company attractive to its current and future JV partners.

Financial strength: Strong profitability, prudent financial management and a healthy balance sheet

CLI's net income to its shareholders has increased at a compound annual growth rate of 20.25% from its first public offering in 2017 to the recent full year 2022. The Company has continually proven great profitability and prudent financial management throughout its expansion. CLI's revenues and earnings increased steadily while maintaining good margins and debt management discipline.

CLI ended the pandemic year 2020 with a Consolidated Net Income of ₱2.08 billion and Net Income attributable to equity shareholders of ₱1.85 billion, a slight decline of 8% year-on-year from ₱2.01 billion in 2019, based on its audited financial statements. The modest earnings results were due to the reduced construction operations caused by the lockdown measures imposed by the government during the enhanced community quarantine period. In 2020, CLI was able to benefit from the attractive interest rate environment as it raised a total of ₱8.00 billion in March, which was completely subscribed by several financial institutions at an average fixed rate of 4.15%.

For the year ended 2021, CLI recorded ₱2.61 billion net income attributable to CLI shareholders in 2021, an increase of 42% from ₱1.85 billion year-on-year. CLI's topline grew by 35% to ₱11.16 billion from 2020's ₱8.30 billion driven by significant construction accomplishments and robust sales, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition, based on its audited financial statements. The Company also maintained prudent debt management during the year.

In 2022, the company reported significant growth as its topline increased by 40%, rising to ₱15.66 billion from ₱11.16 billion in 2021. This led to earnings of ₱3.17 billion that were attributable to CLI shareholders, representing a normalized earnings growth of 32% when the one-time CREATE tax adjustment is removed or 21% when the tax adjustment in 2021 is taken into account.

The Company also prides itself in its cost discipline. While CLI utilizes contractors for its projects, it purchases its own raw materials and employs a dedicated project management team to ensure that quality and cost meet the Company's requirements.

CLI likewise has one of the most organized and responsive accounts receivable and customer support departments in the industry. Customers who wanted to defer their equity payments due to the pandemic were given a grace period during the shutdown. Despite this, the delinquency rate in 2021 remained low at 5.3% improving from the 5.5% of the 2020. The delinquency rate decreased significantly in 2022 to only 3.8% as a result of the market's continued emphasis on home ownership and strong housing demand. During the year, the cancellation rate remained stable, at 4.67% in 2022 and 4.4% in 2021, as the real estate market continued to navigate the current market and economic conditions.

CLI also has a dedicated accounts management team who facilitates the take-out process, whether through a bank mortgage or a cash payout for the contract balance.

In respect of its debt management, CLI endeavors to match its debt maturity profile with that of the cashflow it is generating from the very projects being funded. CLI's cash cycle is typically four to five years depending on the project type. So especially in a rising interest rate environment, the proceeds raised from the Bonds were used to carry out CLI's ongoing strategy of moving its debt maturity profile towards the longer end of the curve and at the same time mitigating the impact of higher borrowing costs since the Bonds involve fixed interest rates.

Operational excellence

CLI has a fully integrated real estate set-up encompassing different areas, namely, acquisitions, business development, technical planning, engineering and project management, sales and marketing, documentation and licensing, legal services, customer service, and property management. The Company prides itself on its hands-on and personalized approach, which allows itself to respond effectively to its clients and industry partners.

Construction

For each horizontal and vertical development, CLI engages various general and specialty contractors with both local and national experience. With over 154 engineers in its roster, CLI handles the project and construction management aspect of every project, and manages the various contractors and sub-contractors that are utilized. As the project manager, CLI controls the delivery of its projects with priority on promptness, quality and professionalism. CLI does not have any in-house construction or any affiliated general contracting business.

Sales

CLI has one of the industry-leading sales support teams. With over 70 sales support personnel, this team collaborates, coordinates, and supports 1,785 real estate brokers and 11,000 sales agents across the VisMin region who continuously support CLI. This is CLI's strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

Key Strategies

Expansion to key cities in the Visayas and Mindanao

Regional Developments:

Bohol	: Velmiro Plains Bohol, Costa Mira panglao
Dumaguete	: Casa Mira Coast, Casa Mira Dumaguete
Bacolod	: MesaVirre Garden Residences, Casa Mira Granada, Velmiro Plains, Citadines Bacolod, Casa Mira Towers Bacolod
Iloilo	: Casa Mira Iloilo, Terranza residences
Ormoc	: Casa Mira Ormoc
CDO	: MesaVerte Garden Residences, Velmiro Uptown CDO, Casa Mira Towers CDO, Velmiro Heights CDO
Davao City	: MesaTierra Garden Residences, The Paragon Center, Davao Global Township, Casa Mira Towers LPU, The East Village at DGT

In 2015, CLI embarked on its regional expansion when it launched MesaVerte Residences in CDO. This is the mid-market condominium offering of CLI with three 15-storey residential towers having a total of 798 units which almost sold out in less than a year of pre-selling. In 2018, the Company then introduced its mid-market horizontal project in the same city – Velmiro Uptown CDO. The subdivision's master plan shows an inventory of 396 units intended to meet the housing demand in the area.

In CDO, the Company set up its first satellite sales, administrative and engineering offices. The Company found a unique advantage in being homegrown, as it can distinguish itself further in these new regional markets with similar local dynamics as Cebu.

In 2016, CLI successfully set its foothold in Davao by launching MesaTierra Garden Residences, a 22-storey residential condominium.

In 2017, CLI strengthened its market presence in Davao by entering into two new JVs to develop the Paragon Center and Davao Global Township, a 22-hectare estate project. The Company then launched Casa Mira Coast, a five-hectare property in Sibulan, Negros Oriental. After the successful launch of its first Casa Mira brand outside Cebu, CLI expanded its footprint from Negros Oriental to Negros Occidental by introducing MesaVirre Garden Residences, a three-tower residential condominium project in Bacolod City

In 2018, the Company launched Astra Center, its first mixed-used building in Mandaue, Cebu. The Astra Centre is composed of Astra Centre Mall, Radisson RED, One Astra Place and Astra Corporate Centre.

In 2019, the Company acquired Abaca Resorts Mactan and Lowaii Marine Cebu Resort in Mactan, Cebu to increase revenues from its hotel segment. CLI entered into a JV with an Aboitiz Company, to develop Mandtra Residences, a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu.

In 2020, CLI sets footprint in Bohol and Iloilo with the successful launching of Velmiro Greens Bohol, a 3.6-hectare modern mid-market horizontal development in Jaro Dauis, Panglao, Bohol, and Casa Mira Iloilo, 14.4-hectare economic subdivision project in Jaro, Iloilo City with 1,188 housing units. With the fully take-up Casa Mira Coast in Sibulan, Negros Oriental, the Company launched Casa Mira Dumaguete, a 6.1-hectare project to develop 586 economic horizontal housing units. CLI also launched Casa Mira Towers LPU, a 930-unit economic condominium project, as a housing options for students in Lyceum of the Philippines University.

In 2021, CLI launched its first project in Ormoc, Casa Mira Ormoc is the first Casa Mira brand in Leyte. It has a very strategic location and it offers affordable townhouse units with very generous payment schemes. Casa Mira continues to expand to major key cities in Visayas and Mindanao and launching its first project in Eastern Visayas. Casa Mira Homes Ormoc is a 9.13-hectare residential subdivision in Brgy. Luna Ormoc City.

In 2022, CLI launched its first project in Palawan, Casa Mira Towers.The first two buildings of Casa Mira Towers Palawan have 480 units. The development is situated in a 2.09-hectare property offering 20-square meter (sq.m.) studio units and one-bedroom units with up to 32 sq.m. at contract prices ranging from P2.3 million to P5 million.

The company is currently in the design and permitting phase in 2023 as it gears up to launch Casa Mira homes in the Butuan following the acquisition of the 17 hectare property in the city. Further, CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod, CDO, and Davao, with new expansion areas such as Roxas, and General Santos City also on the horizon. CLI continues to pursue its aggressive plans to establish and deliver quality developments across the VisMin region.

Building recurring income developments

As CLI sets its sight on a long-term growth trajectory, the Company is committed to growing its recurring income portfolio. In 2013, CLI launched its first office building in Cebu IT Park. The project, Park Centrale Tower, was designed to host both BPO and executive offices (office condominium units). With its Grade A design and features, Park Centrale Tower was awarded as the Best Commercial Development in Cebu in the 2014 Philippines Property Awards.

In 2015, CLI made another significant step in growing its recurring income portfolio when it launched its Phase 1 of Base Line Center, a redevelopment of one of the largest remaining properties in the prime midtown Cebu area. The project is a mix of retail, office, hotel, and residential project.

In 2016, CLI launched Latitude Corporate Center, a joint venture development under BL CBP Ventures Inc. This is a 24-storey Grade A office building offering future-ready spaces for businesses with a 13,000 sq.m. GLA.

In 2017, the Company launched 38 Park Avenue, a residential high-rise project with 3,000 sq.m of retail space located in the last 1.18-hectare patch of green in Cebu I.T. Park, one of the Philippines' top 20 prime real estate properties.

In 2018, the Company launched Astra Center, a mixed-use development located in Mandaue City designed to have a boutique mall, hotel, office, and residential tower adding over 30,000 sq.m. GLA.

The first hotel business of the Company started operations in September 2019 allowing CLI to recognize a new stream of revenue from the segment. Citadines Cebu City, the 180-room condotel, is operated and managed by Ascott International Management Pte Ltd., the world's largest international serviced residence owner-operator.

In 2021, CLI launched Masters Tower, the project is a 31-storey hotel and office tower that will establish a destination within Cebu Business Park and bolster Cebu's status as an international city. It will be the tallest tower in the district, with over 7,000 sq.m. of Class A office space and the first 5-star hotel in Cebu, Sofitel Cebu City. The property is located on a 2,840-sq.m. area in the Cebu Business Park and will be among the top three tallest structures in the metropolis, which would top off at 192 meters above sea level.

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 are now delivering an annual lease income to CLI of close to ₱79.28 million with their combined GLA of 30,006 sq.m. At present, the Company's rental occupancy rate is at 48% after the newly delivered spaces from Latitude Corporate Center wherein leasing initiatives are still ongoing. Several under construction commercial developments that will further boost its recurring income includes Astra Center and Patria de Cebu.

The new developments in Davao, Phase 1 of Davao Global Township and Paragon Center, are also designed 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 – property management

On April 20, 2017, Cebu Landmasters Property Management, Inc. ("CLPM"), a wholly-owned subsidiary of the Company, was incorporated to provide property management services to housing, condominium and office projects developed by the Company. With the goal of making CLPM a self-sustaining and revenue generating business unit, CLPM is envisioned to eventually offer and expand its services to outside clients. Currently, CLPM is managing 24 projects with revenue for the period ending December 31, 2022, 2021 and 2010 are ₱55 million, ₱42.90 million and ₱42.60 million respectively.

Growth of economic housing brand (Casa Mira)

The Casa Mira brand of CLI is designed to answer the underserved demand in the affordable housing sector. And even after the pandemic, Casa Mira remained CLI's fastest selling and most sought-after brand. Unit prices range from ₱1.80 million to ₱3.00 million. Correspondingly, the monthly amortizations range from as low as ₱6,000.00 to as high as ₱15,000.00. This caters to households with monthly incomes of ₱15,000.00 to ₱30,000.00.

Despite the pandemic, strong housing demand in VisMin enabled CLI to sell a significant number of housing units from Casa Mira which accounted for 69% of the Company's reservation sales in 2020 amounting ₱14.23 billion. In 2021, as the economy reopens, demand for the Casa Mira brand remains resilient, accounting for 41% of the ₱16.52 billion reservation sales that the Company recorded during the year. In 2022, of the reservation sales amounting to ₱18.1 billion , 40% was accounted for by casa mira projects while 47% from 27% in 2021 was factored by the Garden series as Mid-market projects gained momentum as the economy refuels activity. 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 Dumaguete, (11) Casa Mira Towers LPU, (12) Casa Mira Ormoc, and (13) Casa Mira Towers Bacolod. (14) Casa Mira Palawan (15) Casa Mira Danao

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

Establish and leverage strategic partnerships, alliances joint ventures and cooperation

CLI will also continue to pursue local partnerships that will serve to enhance its expansion plans. The Company has proven that strategic alliances can provide a winning formula for securing strategic locations and entering new markets for as long as the JVs are executed with best practices. Its existing JVs are BL CBP Ventures, Inc., CCLI Premier Hotels, Inc., Cebu BL-Ramos Ventures Inc., Cebu Homegrown Developers, Inc., CLI Premier Hotels Int'l. Inc., El Camino Developers Cebu, Inc., GGTT Realty Corporation, Mivesa Garden Residences, Inc., YHES Premier Hotel Inc., YHEST Realty and Development Corporation, Yuson Excellence Soberano, Inc., Yuson Huang Excellence Soberano, Inc.

Sugbo Prime Estates, Inc. and CLI-LITE, Inc. are CLI's new joint venture agreements for 2021. (CLI-LITE). In addition, the business expanded its stake in Ming-Mori Development Corporation from 20% to 80%, making it the joint venture's project manager and principal developer.

Corporate Organization

CLI is presently engaged in real estate-related activities such as 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 hotels, office projects, retail spaces and townships.

In 2016, AB Soberano, formerly AB 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. ABS is a holding company and 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.

On January 6, 2017, the board of directors approved CLI's application for the registration of 1,714 million of its common shares with the SEC and application for the listing thereof in the PSE. The board of directors' approval also covered the planned initial public offering of 430 million unissued common shares of CLI. CLI's shares were listed in the PSE on June 2, 2017.

On February 26, 2021, the Company increased the authorized capital stock to ₱10.00 billion common shares and ₱1.00 billion voting preferred shares.

On July 14, 2021, CLI distributed stock dividends of 123% per share. This resulted in an increase in total outstanding shares after the stock dividends to 3,461,851,997. This is net of the total shares held under treasury as of the end of December 31, 2021, amounting to 161,600,000 shares.

CLI and its Subsidiaries are not involved in any bankruptcy, receivership, or similar proceedings, and have no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business

Subsidiaries and Affiliates

Corporate structure

The Company holds ownership interests in the following Subsidiaries and associates as of December 31, 2022:

Entity	Effective Percentage of Ownership	
	2022	2021
Subsidiaries		
(1) A.S. Fortuna Property Ventures, Inc. (ASF)	100	100
(2) CLI Premier Hotels Intl. Inc. (CPH)	100	100
(3) Cebu Landmasters Property Management, Inc. (CLPM)	100	100
(4) CLI-LITE Panglao Inc. (CLI-LITE)	88	88
(5) BL CBP Ventures, Inc. (BL Ventures)	50	50
(6) Yuson Excellence Soberano, Inc. (YES)	50	50
(7) Yuson Huang Excellence Soberano, Inc. (YHES)	50	50
(8) YHEST Realty and Development Corporation (YHEST)	50	50
(9) CCLI Premier Hotels, Inc. (CCLI)	50	50
(10) YHES Premier Hotel Inc. (YHESPH)	50	50
(11) Mivesa Garden Residences, Inc. (MGR)	45	45
(12) El Camino Developers Cebu, Inc. (El Camino)	35	35
(13) Cebu Homegrown Developers, Inc. (CHDI)	50	50
(14) Cebu BL-Ramos Ventures, Inc. (CBLRV)	50	50
(15) Ming-Mori Development Corporation (MMDC)	78	78
(16) GGTT Realty Corporation (GGTT)	50	50
(17) Sugbo Prime Estate, Inc. (SPE)	64	64
(18) CLI Hotels and Resorts Inc.	100	-
Associates		
(19) Magspeak Nature Park, Inc. (Magspeak)	25	25
(20) Icom Air Corporation (ICOM)	33	33

(1) ASF was incorporated as a joint venture on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential and office development and a boutique mall. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary as of December 31, 2017. Its principal office is located on the 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

(2) CPH, a wholly owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company's future hotel developments. The commercial operations started on September 14, 2019. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

(3) CLPM, a wholly owned subsidiary of the Company, was incorporated on April 20, 2017, to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. CLPM started commercial operations on September 1, 2017. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

(4) 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.

(5) BL Ventures was incorporated on February 3, 2016, to develop Latitude Corporate Center, a 24-storey office development at the Cebu Business Park. BL CBP Ventures, Inc. was a JV of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.

(6) YES was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a JV between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences, a 21-storey residential condominium, and two other mixed-use projects in Davao City. It will also engage in real estate brokering to facilitate the marketing and sale of the JV developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave. in Davao City.

(7) YHES was incorporated on November 10, 2017, to develop the Paragon Davao, a 1.9-hectare property in Riverside Davao. The development will become a mixed-use real estate which will include a residential, retail, hotel and convention center. YHES Inc., is a JV of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

(8) YHEST was incorporated on August 10, 2018 to develop the Davao Global Township. It is a JV between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

(9) CCLI was incorporated on November 12, 2018, as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The Citadines hotel is planned to be managed by Ascott. The principal place of business of CCLI is located at 2nd floor MesaVirre showroom in Bacolod City.

(10) 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. YHESPH has not yet started its commercial operations.

(11) MGR was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property to be registered in the Company's name. Its principal office is located on the 10th Floor, Park Centrale Tower, J.M. del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.

(12) EL Camino was incorporated on August 15, 2016, to develop a 1.17-hectare property inside the Cebu IT Park, and to construct (1) 38 Park Avenue at the Cebu IT Park, a 38-storey high-end residential condominium, and (2) Park Avenue Corporate Center, a Grade A office building with over 20,000 sq.m. of leasable area. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.

(13) CHDI, a JV of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex, with sellable and leasable units, in a 12,405 sq.m. lot area in Mandaue City, Cebu. The Company has a 50% stake in Aboitiz CLI Cebu Developers, Inc.

(14) CBLRV 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 is located in Cebu City.

(15) MMDC was incorporated on August 1, 2013, to undertake and execute land reclamation projects, submit bids, and accept awards for reclamation projects, and manage, hold, and sell reclaimed land and other real property. MMDC is the private consortium that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves the development of the Minglanilla TechnoBusiness Hub, a 100-hectare techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has increased its stake to 78% from 20% in Ming-Mori Development Corporation in 2021. This transaction enabled CLI to become the project manager and principal developer of the reclamation project.

(16) 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. On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for by the Group as an asset acquisition as discussed in Note 7 in the Audited Financial Statements. During the first quarter of 2021, GGTT started commercial operations, and is now considered as a subsidiary of CLI.

(17) SPE was formed in 2019 as a one-person corporation and was converted into an ordinary stock corporation after entering into a JV 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 in Cebu City.

(18) Magspeak was incorporated on October 21, 2011, to acquire, lease and develop lands into nature and eco-tourism parks in Balamban Cebu, and to manage, and operate the same. CLI holds a 25% stake in Magspeak.

(19) ICOM was incorporated in December 2020 as an undertaking of CLI and various individual stockholders to import aircraft(s) and operate a transportation business in the Philippines. ICOM's principal place of business is located in Iloilo City.

CLI also has an 18% stake in Tagbilaran Waterfront Development Corporation (TWDC), which was incorporated on July 4, 2019 as a joint undertaking for the development of a reclamation project in Bohol.

Competition

In 2021, SKF updated their study on the VisMin market and reported that CLI remained as “the leading residential developer in VisMin” with the largest market share from among real estate firms providing condominium projects and subdivisions in the region. The 2021 study shows that CLI leads the residential market with a 33% market share in condominium market, delivering 5,687 units and leads 26% of the subdivision market after supplying 2,844 units.

For 2022, The Company engaged **Colliers international** to conduct an independent study in 2022 on the VisMin real estate market to determine CLI’s positioning compared to its peers in the region. The said study named CLI as the top residential developer in VisMin in 2022 with the largest market share among real estate firms. CLI remains to dominate the residential market in key vismin cities with 21% over-all residential share in net take-up value accounted by the 3,960 units sold of the market’s 19,382 units.

Competitors

CLI is within the field of top industry players and local developers across its product range. The Company goes head-to-head with national players such as Amaia Land Corporation, Avida Land Corporation, and Alveo Land Corporation, all of which are subsidiaries of Ayala Land, Inc., Filinvest Land Inc., Megaworld Corporation, Rockwell Land Corporation, 8990 Holdings, and Hongkong Land which is in partnership with the local developer, Taft Properties.

The Company also competes with established local developers in Cebu, and other parts of VisMin, like Primary Group of Builders, AboitizLand, Johndorf, and Taft Properties.

The Company’s direct competitors in the different markets tend to be the local developers entrenched in those cities. But the company’s advantage is the breadth and quality of its’ offerings while delivering them at the same competitive price points in their respective markets.

CLI uses its fundamental competencies – hands-on personalized service, local (*i.e.*, VisMin) real estate experience, strict location selection, and responsible development – as well as its aggression, business productivity, and best value projects – to leverage itself against competitors.

Suppliers

Through a pre-qualification and bidding procedure, CLI obtains construction materials and services from third-party suppliers and partners both locally and nationally that fulfill the Company’s stringent quality requirements. The Company does not foresee for shortage in raw materials or services for its operations as it establishes strong partnership with various stable and resilient suppliers and contractors.

The Company evaluates suppliers who can deliver the best value at the highest quality and at the lowest cost through its supply chain management team. CLI also selects suppliers that can provide safe and on-time delivery, as well as the ability to adapt and innovate in order to suit the Company’s needs. Simultaneously, the Company has the appropriate internal controls, organizational structure, and financial sustainability to ensure the supplier’s continued delivery as contracted.

On a project-by-project basis, the Company engages contractors to do land development and project construction. While CLI used to outsource architectural and engineering services for all its projects, the Company began undertaking engineering and architectural design to be developed internally allowing the Company to save on costs.

The following are the Company's top contractors and suppliers:

Supplier	Product / Service
Steelasia Manufacturing Corporation	Supplier
Vic Enterprises	Supplier
APO Cement Corporation	Supplier
JLR Construction and Aggregates Inc.	Supplier
Maxima Steel Mills Corporation	Supplier
Phelps Dodge Philippines Energy Products Corp	Supplier
Cebu Oversea Hardware Co., Inc	Supplier
Metro Bacolod Pentalink, Inc.	Supplier
Nitronne Trade	Supplier
Matimco Incorporated	Supplier
Castcrete Builders, Inc	House Construction
Cigin Construction & Development Corp	House Construction
J. E. Abraham C. Lee Construction Inc	General Construction Works
Dakay Construction & Development Corp.	General Construction Works
PLD Construction and Development Inc.	General Construction Works
Young Builders Corporation	General Construction Works
EEI Corporation	General Construction Works
Carwill Construction Incorporated	General Construction Works
Riezl Landcare & Construction	General Construction Works

As mentioned above, CLI engages third-party suppliers and contractors through a pre-qualification and bidding procedure thus, CLI is not and does not anticipate to be dependent upon one or limited number of suppliers and contractors.

Construction Contracts

For each horizontal and vertical development, the Company engages various general and specialty contractors with both local and national experience. Majority of the Company's construction contracts pertain to general construction works and house construction. For this purpose, the Company executes standard construction contracts which contains provisions governing the relationship, rights and obligations of the parties, including the contractor's scope of work, bonds and insurances, completion time, and responsibility of the contractor for any damage or destruction of works until final acceptance.

With over 154 engineers in its roster, the Company handles the project and construction management aspect of every project and manages the various contractors and sub-contractors that are utilized. As the project manager, the Company controls the delivery of its projects with priority on promptness, quality, and professionalism. The Company does not have any in-house construction or any affiliated general contracting business.

Customers

CLI caters to several real estate categories – residential, retail, offices, and hotels. Among the four categories, the Company's experience in the industry has been primarily focused on residential development which comprises 73% of total current projects in terms of count.

Of the Company's real estate developments, 28% of CLI's horizontal and vertical projects serve the needs of the mid-market. Fast-selling projects like Mivela garden residences, The East Village, Mandtra Resindences and Velmiro Uptown CDO which shows the growing demand for new, well-built, well-planned and strategically located homes for the mid-market segment. CLI's mid-market clients are those who can afford a monthly equity payment of ₱10,000.00 to ₱20,000.00 and an annual income of ₱500,000.00 to ₱1,500,000.00.

The Company also caters to the upper-mid market segment who can afford a monthly equity of ₱20,000.00 to ₱25,000.00 and earning ₱1.50 million to ₱3.00 million annually. These market segments prefer units at a price range of ₱5.00 million and above.

Casa Mira, CLI's best-selling product offering, comprised 40% of the Company's reservation sales in 2022. High-end residential developments are at 13%, driven by the newly launched project, Calle 104 while Mid- market's contribution increased to 47% driven by the sales from East Village at DGT.

Employment Profile	%	Citizenship	%	Marital Status	%
Locally employed	49%	Filipino	95%	Married	43%
OFW	37%	Foreigner	5%	Single	50%
Self-Employed	9%			Others	7%
Entrepreneur	5%				

For its leasing business, the Company's top lessees include BPO companies, supermarkets, service providers and food establishments.

CLI is committed to continuously address the growing needs and demand of the market in each segment the Company caters to. CLI aims to constantly innovate, and remain consistent with the quality of the developments, the selection of location and the hands-on service that goes along with it.

The Company has over 30,700 different live sales contracts and no single contract accounts for 20% or more of CLI's sales. These are all different and distinct individual buyers.

CLI has a wide customer base and thus, is not dependent on a single or a few customers. Consequently, the Company is of the view that the loss of one or a few customers (e.g., cancellations of purchase, lease contracts) will not have a material adverse effect on the Company and its Subsidiaries.

CLI uses standard Contracts to Sell (CTS) for the sale of its units, whether house & lot, condominiums, condotels or offices. It contains all the necessary terms and provisions until such time that a deed of absolute sale can be executed by both parties. A deed of absolute sale (DOAS) is executed upon the complete submission of necessary documents, full payment of the purchase, the proper subdivision of the mother titles and other such necessary administrative procedures to ensure the eventual transfer of the individual title to the respective buyers. No one sales contract contributes to more than 1% of the Company's overall revenues.

Leases for retail spaces within our mixed-use developments, as well as office spaces within our office developments are generally short-term ranging from 1-3 years, with renewability clauses. Leases are fixed rates with predetermined escalation clauses. No one leasing contract or tenant group contributes to more than 1% of the Company's overall revenues.

Government approvals/regulations

The Company and its Subsidiaries secure various government approvals, permits and licenses required and necessary for their business operations, including their respective projects, as part of their ordinary course of business. CLI does not foresee any material adverse effect of existing and future government regulations on the business of CLI and its Subsidiaries.

As of the end of 2022, CLI and its Subsidiaries have obtained the required and necessary material governmental approvals, permits and licenses issued by the relevant government bodies or agencies. For those required for specific ongoing projects, CLI or the relevant Subsidiaries has either secured such governmental approvals, permits and licenses or is currently processing said permits and are pending issuance by the relevant government agency.

The effects of existing and probable governmental regulations on the business are further discussed in the section "*Regulatory Framework*."

Compliance to Laws and Regulations

Given the scale of the Company's operations, environmental compliance is a means for CLI to ensure that the impact of environmental risks is mitigated. The Company's land development activities have direct impacts on the environment. The Company's use of materials, energy, and water can affect soil quality, water quality, air quality, biodiversity, and habitats, among others.

In response to the Company's potential environmental impacts, CLI established a team dedicated to managing and monitoring compliance. The External Affairs / Permits and Licenses Department, the Company's Strategic Business Units, CLI Property Management and Engineering ensure that we comply with relevant environmental laws. The Company's in-house Pollution Control Officers (PCOs) submit a quarterly Self-Monitoring Report and Compliance Monitoring Report to the DENR-EMB.

The Company neither had recorded cases of nor received sanctions for non-compliance with environmental laws and/or regulations in 2022. This attests to the effectiveness of the Company's mechanisms in ensuring compliance. In the future, the Company aims to improve its system by investing in internal training and third-party advisories to monitor full compliance to the environmental laws and regulations and correct any non-compliance issues that may occur.

For CLI, compliance to sustainability, particularly environmental, social and governance standards and regulatory requirements has helped the Company make better and more efficient decision making. This exercise has served to reinforce CLI's risk assessment and management. Social and environmental data baselining and compliance monitoring have supported the establishment of the company's sustainability strategy aligned to our enterprise risk management.

CLI continues to work towards business process improvement and business model innovation and explore strategies on how sustainable practices can best be applied or embedded in the value creation process. All these add value in the process of risk identification and mitigation, thereby reducing identified corporate risks.

ESG Reporting Process and Governance

Being a publicly-listed company, CLI has complied with the requirements of the Securities and Exchange Commission on the aspect of Sustainability and Environmental, Social and Governance ("**ESG**") reporting. CLI published its first Integrated Report covering 2021 performance. Having been able to systematically account its positive and negative impacts, the Company's financial, natural, social, manufactured and human capitals and other non-financial metrics have driven the Company to identify aspects that are most material to the business and to its stakeholders, thereby having the mindset of going beyond compliance --- through process improvements that allow the Company to reduce its negative impacts and increase its economic contribution in the local communities where it conducts business.

Enhancing Brand Value and Market Leadership

Reporting on financial and non-financial metrics draws the attention, not just of investors but also of its consumers. The Company recognizes that society demands more companies serve a higher purpose than just delivering a strong financial performance. By complying with the requirements of balanced reporting, the Company's stakeholders and the external public are informed about its impacts, performance, and contributions. Compliance to social, environmental, and other regulatory and statutory requirements has propelled CLI to develop more products, more than half of which are addressing a housing demand in the VisMin region. Our compliance submissions have helped us maintain our leadership in the VisMin markets.

With the Company's strong relationships with partner LGUs, broker community, and its JV partners, CLI is considered a trusted brand. CLI has 20% market share in the Visayas and Mindanao in terms of overall net sales take up of real estate sales both for vertical and horizontal developments, according to the research conducted by Colliers International in 2022. As a result, CLI is now the leading residential developer in the VisMin region.

CLI has responded well to the increasing market demands of VisMin, outpacing other developers in finishing construction and delivering completed units to its customers.

As a result of the Company's initiatives, CLI was recognized by PropertyGuru as the best developer for Visayas and Mindanao for two consecutive years in 2022 and 2021. The company was also awarded as the top developer in the Philippines by the same awarding body in 2019.

CLI Workforce, Customers and Communities

On the aspect of talent acquisition, being purpose-driven and compliant to regulatory and statutory requirements, especially on labor laws, has definitely given CLI a competitive advantage. By defining the Company's priority areas through a materiality process, CLI is provided guidance and as a result the Company is able to attract and retain top caliber talents. Employee engagement activities use themes that relate to sustainability, safe and healthy workplace practices, and cultivating a culture of innovation among departments and cross-functional teams. All these programs help attract, continue to develop and retain talents within the organization.

On the aspect of health and safety, CLI recognizes that consumer behavior has dramatically changed in recent years --- especially with the onset of the pandemic. Society has been driven to pay more attention to health, safety, and environmentally-healthy lifestyle. Compliance and reporting on DOLE-mandated safety protocols and other pandemic response programs have resulted in better work conditions, lesser exposure to diseases and COVID-19 cases, reduced absences and therefore, better productivity which result in better operational and financial performance.

While CLI grows its business, it has built and strengthened its relationships by partnering with local communities and complying with requirements of local government units and national government agencies. This serves as the Company's social and relationship capital that gives it social license to do business in the local area.

Resource Use, Managing Impacts and Biodiversity Management

With the significant increase in oil price brought about by the Russia-Ukraine war and with continuing water supply issues in the local areas, there is a need to reduce the Company's resource consumption, including the need to be less energy-dependent. The necessity of introducing energy and water saving initiatives was further driven by the Company's data management tools that will allow it to target reduction of energy and water use in its real estate project developments. In addition, compliance to environmental laws and standards have propelled the Company to introduce product design innovations or the application of green building features in its projects that will help reduce consumption. In addition, compliance to post-conditions of its Environmental Compliance Certificates ("**ECCs**") have driven the Company to assess, protect, and enhance its ecosystems within or adjacent to its developments and even focus on climate change-related financial impacts as the Company develops more projects in the future.

*Contribution to United Nations' Sustainable Development Goals ("**UN SDG**")*

Focus on UN SDG contributions ensures that CLI's products, programs, and initiatives contribute to the alignment and achievement of global sustainability goals. This means that the Company's products, programs, and initiatives address local issues and contribute to the local economic development of the area where the Company does business, without losing sight of the overall global issues that face our world today.

Employees

The Company has a total of **801** employees, broken down in entities and department as follows:

Department/Company	Employees
Parent Company	
Engineering	**154**
Sales	**70**
Accounting and Finance	**65**
Treasury	70
Business Development	**38**
Permits & Licenses	**29**
Property Management	**39**
Accounts Management	**38**
Customer Care	**37**
Human Resources & Admin	**23**
Tax	**18**
Marketing	**17**
Purchasing	**17**
Corporate Finance	14
IT	13
Legal	8
Internal Audit	3
Leasing	4
ERM	2
CLI Hotels-Support	1
Sustainability/CLI Foundation	4
Top Management	5
Subsidiaries	
CLPM	99
CPH	33

The Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. Efforts to professionalize the Company over the last 20 years are evident as the Company has grown from two employees to a dynamic team of executives, managers, officers, and staff instilled with the Company's brand of professional work ethics and strong corporate values. The Company has a total of 801 employees as of December 31, 2022.

CLI employees are not subject to collective bargaining agreements. Its employees have not been on strike in the past three years, nor are they threatening to strike.

The Board of Directors of CLI, during its Special Board meeting on October 6, 2021, approved the Executive Stock Option Plan ("**ESOP**") for qualified officers. This is a type of performance incentive, where options are granted to purchase the shares of the Company at a discount. There are no other rights and benefits granted to the subscribers of shares under the ESOP other than the typical rights and benefits available to ordinary shareholders.

The shares that may be exercised from these options will be sourced from the treasury shares of the Company or from publicly traded shares. The objectives of the plan are: (a) to attract, retain, and motivate talented and key employees; (b) to encourage employees to align individual performance with Company objectives; and (c) to reward employee performance with stockholdings in proportion to their contribution to the Company.

Each level has a predetermined number of shares exercisable per year with a four-year vesting period. The exercise price is the higher of ₱2.25 or current market price with a 15% discount. The current market price is computed as the average of the closing price for the last five trading days.

Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for least six months from the exercise date.

Voting and dividend rights vests upon the issuance of the shares to the employees.

Other than the ESOP, CLI also has a Savings Program Prior to Normal Retirement ("**SPP**") which is incorporated in its Amended Retirement Plan. The SPP serves as the retirement plan for all CLI regular employees who resigns prior to the optional retirement age of 60 years old or the mandatory retirement age of 65 years old. The equivalent of 5% of the employee's basic salary is set aside by CLI every month while the employee remains in the employ of CLI.

Upon resignation, the employee will be entitled to his or final balance as follows:

Vested Benefit %	Number of Continuous Service (from January 01, 2015)
0%	Less than 5 years
50%	5 years
60%	6 years
70%	7 years
80%	8 years
90%	9 years
100%	10 years and above

Given above, a qualified CLI employee will be entitled to and avail either the 1) Normal Retirement benefits as mandated by law or 2) the Vested Benefits under the SPP, whichever is higher.

ITEM 2. PROPERTIES

Land Inventory

Using its location selection criteria, the Company and its Subsidiaries have invested in properties located in strategic areas in VisMin which they believe to have high future appreciation potential for its existing and future development projects. The table below enumerates the parcels of land owned by the below entities.

Location	Primary use	Ownership	With Security Interest?	Total Area
Magtuod,Davao	Residential	CLI	Yes	285,842
Butuan City	Residential	CLI	No	172,064
Matina, Davao	Estate	YHEST	No	154,012
CDO	Residential	CLI	No	143,477
Consolacion, Cebu	Residential	CLI	No	103,000
Talamban, Cebu City	Residential	CHDI	No	47,017
Panglao, Bohol	Residential	CLI-LITE	No	31,749
Mandaue City, Cebu	Residential	CHDI	No	24,623
Bogo, Cebu	Residential	CLI	No	23,128
Puerto Princesa, Palawan	Residential	CLI	No	13,037
Minglanilla, Cebu	Residential	CLI	No	18,369
Naga San fernando, Cebu	Residential	CLI	No	16,718
Danao, Cebu	Residential	CLI	No	15,314
Lowaii, Mactan	Residential	CLI	Yes	12,641
Riverside, Davao	Mixed-use	YHES	No	10,201
Mandaue, Cebu	Residential	CHDI	No	8,435
IT Park , Cebu	Mixed-use	El Camino	Yes	5,828
Davao	Residential	CLI	No	3,672
Cebu City , Cebu	TBD	CLI	No	913
Cebu City, Cebu	Residential	CLI	No	520
Cebu	TBD	CLI	No	467
Mandaue City, Cebu	TBD	CLI	No	387
Total				**1,091,414**

Other Assets

As of December 31, 2022, the Company's other properties consist of Property and Equipment and Investment Property amounting to ₱4.8 million and ₱17.75 billion, respectively.

For the carrying amounts and movements of the Company's Other Assets, please refer to Notes 9 and 14 in the Audited Consolidated Financial Statements as of December 31, 2022.

Rental Properties

In addition to its land inventory, the Company owns several rental properties, including available commercial and retail spaces in its completed projects, which are currently used by the Company, or leased out to third parties to generate recurring income.

Among the projects with commercial spaces leased out to tenants are:

Project	**Location**	**Type**	**GLA (In sq.m.)**
Base Line Center	Juana Osmeña St., Cebu	Office and Retail	5,817
Park Centrale	Cebu IT Park, Cebu	Office and Retail	4,469
Casa Mira Towers Labangon	Labangon, Cebu	Retail	818
Asia Premier Residences	Cebu IT Park, Cebu	Residential and Retail	932
Mivesa Garden Residences	Lahug, Cebu	Residential and Retail	283.27
Base Line Residences	Juana Osmeña St., Cebu	Residential and Retail	265
MesaVerte Residences	Osmeña Ext., CDO	Retail	160
MesaTierra Garden Res	Davao	Retail	328
Casa Mira South	Naga, Cebu	Retail	190
Midori Residences	AS Fortuna Mandaue, Cebu	Residential and Retail	12
Latitude Corporate Center	Cebu Business Park	Office and Retail	13,282
Velmiro Heights	Minglanilia, Cebu	Residential	2,529
38 Park Retail	Cebu IT Park, Cebu	Retail	921
TOTAL			**30,006**

The Company's residential leases have an average term of one year, while the Company's commercial leases have an average term of three to five years, both renewable upon mutual agreement of parties. Sixty days' notice is required from tenants for the extension or pre-termination of their leases, and a two-month security deposit is paid at the commencement of the lease. The Company charges rent as a fixed rent per sq.m., which may be subject to an escalation clause.

In its leases with its related entities, the Company observes arm's length commercial terms and considers the current rentals payable by tenants of the condominium units and parking slots that are operational at presently reflect prevailing market rents.

Leased Properties

The Company leases from third parties properties for use as office space and staff houses of its employees located in sites outside of Cebu.

In 2019, with the approval of the National Historical Commission of the Philippines, CLI entered into a 40-year lease contract with the Archdiocese of Cebu to redevelop Patria de Cebu, a 6,670 sq.m. property in downtown Cebu. This mixed-use development's concept and design is inspired by Filipino-Spanish culture, history, and architecture.

In 2020, the Company signed a 43-year lease contract to develop Masters Tower Cebu, a mixed-use tower located at Cebu's preferred business address, Cebu Business Park. The project will rise on a 2,840 sq.m. property and will offer prime office and retail spaces and the first five-star luxury hotel in Cebu City. Sofitel, Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France.

Sugbo Prime Estates, Inc. was formed in 2021 by CLI and the Farrarons family as a joint venture. The joint venture will build a mixed-use development on a leased property with a 22-year term remaining. The project, now named Banilad High Street, will include retail areas as well as a 300-room dormitory.

In order to support the retail needs of the approximately 1,500 future residents of the area, CLI leased a property next to the existing development in Casa Mira Towers Mandaue starting 2022. The lease is over a 30 year period with an option to renew for another 30 years..

The properties being leased by the Company and its subsidiaries are summarized as follows:

Property	Area (sq.m)	Lease rate	Location	Start of Term	Term	Renewal Options
Land	6,670	Monthly rent of ₱150.00 per sq.m. with 5% escalation every two years	Colon, Cebu City	2019	40 years	None
Land	2,804	Monthly rent of ₱1,000.00 per sq.m. with 5% escalation every two years	Cebu Business park	2019	43 years	None

Land	7,595	Monthly rent of ₱132.00 per sq.m. with 5% escalation annually	Banilad, Cebu City	2021	22 years	With option for renewal (*i.e.,* 30 days prior to the expiration)
Land	4,382	Monthly rent of ₱81.49 per sq.m. with 2.5% escalation annually	Mandaue City	2022	30 years	May renew for another thirty-year period

Mortgage, Liens, and Encumbrances

CLI has variousprincipal owned properties valued at ₱40.85 billion and located across VisMin. Of these properties, ₱19.65 billion are mortgaged with different local bank partners whose development loans are not yet fully paid while ₱21.20 billion are clean and free of any lien.

In Billions ₱	**Mortgaged**	**Clean**	**Total**
Real Estate Inventories	8.13	10.16	18.29
Property and Equipment	4.35	0.46	4.81
Investment Properties	7.17	10.58	17.75
Grand Total	**19.65**	**21.20**	**40.85**

Please see above table under the heading "*Land Inventory*" in this section "*Description of Property*" for the parcels of land subject of a security interest.

Under Section 18 of Presidential Decree No. 957, no mortgage on any unit or lot shall be made by the owner or developer without prior written approval of the HLURB (now DHSUD). Accordingly, before the Company mortgages properties being used for its condominium or subdivision projects, it ensures compliance with the said law and its implementing regulations.

Properties of the Company and its Subsidiaries, in which particular projects have been developed, are also subject to restrictions arising from the nature of such projects. For instance, certain properties over which a condominium building project has been constructed would have restrictions annotated on the title of such property arising from the Master Deed restrictions on the use of the property for condominium use.

Property under mortgage restricts the debtor from selling, alienating, incurring, taking on, or allowing to exist any other mortgage, lien, pledge, or other charge or encumbrance upon or with respect to any or all of the debtor's present or future fixed assets, machineries, and equipment other than in the normal course of its business. Additionally, in order for a property to be free of restrictions, the debtor is required to obtain prior approval from the bank (creditor) and the related loan obligation on which the property is mortgaged must be fully satisfied.

Within the next 12 months, the Company intends to purchase parcels of land for expansion projects in the cities of Naga, San Fernando, Cebu, , and Iloilo, which are still pending negotiations with their respective landowners. Acquisition prices are still being negotiated and will be determined in full after the contracts are executed. These sites will be purchased with funds that CLI has generated internally.

Likewise, properties being leased by the Company are subject to typical lease-related limitations on usage, *i.e.*, for office use only.

Insurance

CLI procures insurance coverage required by relevant laws and regulations for its real and personal properties and requires contractors to submit performance bonds, marine insurance policies, and other sureties for its covered activities. Throughout the construction stage, the Company also maintains a contractor's All-risk Insurance for each of its projects, subject to customary deductibles and exclusions. For completed projects, the Company likewise requires homeowner's associations and condominium corporations to obtain fire and allied risks insurance as part of the master deed for these projects.

ITEM 3. LEGAL PROCEEDINGS

As of date of this Prospectus, the Company and its Subsidiaries are not a party to, nor are any of the Company's or its Subsidiaries' properties the subject of any pending material litigation, arbitration or other legal proceeding, and no litigation or claim of material importance is known to the management and the directors to be threatened against the Company, its Subsidiary or any of its properties, except for a civil case involving the Company, as summarized below and as disclosed in the Certification dated June 24, 2022 in respect of ongoing legal proceedings involving the Company.

In *Wood Innovation Trading, Inc. (Plaintiff)* vs. *Cebu Landmasters, Inc. (Respondent)* (Civil Case No. 2017, 15288), the Plaintiff alleged that it had prior rights over two properties which the Company acquired in March 2017. Accordingly, the Plaintiff is seeking ₱10.70 million in damages and cancellation of the titles issued to the Company. On August 20, 2019, the Regional Trial Court in Dumaguete City dismissed the Plaintiff's claims. Nonetheless, the case remains pending as the Company pursued its counterclaim of ₱800.00 million against the Plaintiff for filing such frivolous suit. The Company believes that the pendency of the case does not have any material adverse effect on its properties, business, and operations and on the contrary, the Company will stand to benefit and be awarded with damages should the court eventually decide in its favor.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market information

The Company's common shares were listed on the PSE on June 2, 2017. The Company's common shares are principally traded at the PSE under the symbol "CLI".

The high and low prices of the common shares for each quarter since its common shares have been listed (including the first half of 2022 ending June 24, 2022) are indicated in the tables below.

Philippine Stock Exchange
Prices (in ₱/ share)

	High	Low	Close
2017			
Second Quarter (month of June only)	5.98	5.13	5.34
Third Quarter	5.51	4.58	5.07
Fourth Quarter	5.17	4.59	4.88
2018			
First Quarter	5.12	4.21	4.70
Second Quarter	5.06	4.48	4.58
Third Quarter	4.73	4.27	4.42
Fourth Quarter	4.59	3.60	4.14
2019			
First Quarter	4.29	4.19	4.20
Second Quarter	4.89	4.80	4.83
Third Quarter	4.75	4.70	4.74
Fourth Quarter	4.83	4.67	4.83
2020			
First Quarter	3.80	3.70	3.72
Second Quarter	5.10	4.35	4.69
Third Quarter	4.92	4.83	4.90
Fourth Quarter	5.05	4.99	5.05
2021			

*price after stock dividends resulting in a price split			
First Quarter	2.65	2.60	2.64
Second Quarter	3.85	3.72	3.77
Third Quarter	3.00	2.89	2.95
Fourth Quarter	3.00	2.73	3.00
2022 *price after stock dividends resulting in a price split			
First Quarter	3.02	2.71	2.97
Second Quarter	3.06	2.48	2.50
Third Quarter	2.60	2.19	2.34
Fourth Quarter	2.80	2.20	2.80

The closing price of the Company's common shares listed on the PSE is ₱2.80 per share as of December 29, 2022. The market capitalization of the Company is ₱9.7 billion computed using the outstanding common shares of the Company and the closing price of the Company's common shares on the PSE as of December 29, 2022.

Stockholders

The following are the list of ***registered holders*** of the common equity securities of the Company as of December 31, 2022:

The following are common shares held by the Company's Board of Directors lodged with PCD Nominee Corporation:

	Stockholder Name	No. of Common Shares	Percentage (of outstanding shares)
1	Jose R. Soberano III	137,758,250	3.98%
2	Ma. Rosario B. Soberano	132,127,500	3.81%
3	Jose Franco B. Soberano	13,082,741	0.38%
4	Joanna Marie B. Soberano	11,889,691	0.34%

5	Beauegard Grant L. Cheng	2,453,000	0.07%
6	Stephen A. Tan	11,150	0.00%
7	M. Jasmine S. Oporto	8,920	0.00%
8	Rufino Luis T. Manotok	2	0.00%
9	Ma. Aurora Geotina-Garcia	2	0.00%
	TOTAL	**297,331,256**	

Dividends

The Company and its Subsidiaries have a transparent and specific dividend policy as disclosed in the Company's Sustainability Report, an integral attachment to its Annual Report and its Integrated Annual Corporate Governance Report. The dividend policy, which was approved by the Board prior to its initial public offering and as set out in the Company's prospectus for the said public offering and succeeding annual reports, states that dividends are declared and paid by CLI based on the assessment and approval of its Board, subject to the availability of retained earnings and taking into account cashflow considerations and other financial conditions of the Company after considering future capital expenditures, and project requirements, among others. There is no other dividend policy (e.g., such as a statement on the dividend payout ratio) save as already stated in the foregoing. In relation thereto, the Company has consistently declared and paid dividends to its investors and shareholders, in keeping with its dividend policy and following the SEC rule on calculation of available retained earnings for dividend declaration and after appropriations for investment and other requirements.

The Company declares cash or stock dividends to its common shareholders on a regular basis, in amounts determined by the Board, pursuant to its dividend policy. The Company may also declare special cash dividends where appropriate.

Cash and stock dividends declared and paid by the Company in 2014 up to FY2022 are as follows:

Stockholder Name	No. of Common Shares	Percentage (of outstanding shares)
AB SOBERANO HOLDINGS CORP.	2,198,385,729	60.67%
PCD NOMINEE CORP. (FILIPINO)	1,286,472,097	35.50%
AB SOBERANO HOLDINGS CORPORATION	47,399,306	1.31%
JOSE R. SOBERANO III	31,220,000	0.86%
AB SOBERANO HOLDINGS CORP.	21,345,560	0.59%
PCD NOMINEE CORP. (NON-FILIPINO)	20,580,308	0.57%
JOSE FRANCO B. SOBERANO	7,247,500	0.20%
JANELLA MAE B. SOBERANO	5,017,500	0.14%

JOANNA MARIE B. SOBERANO	5,017,500	0.14%
MA. NONA A. VELEZ	300,000	0.01%
MINDA UY CANTEMPRATE OR GEOFFREY HANS UY CANTEMPRATE	158,330	0.00%
GREGORIO CHUA CANTEMPRATE OR GEOFFREY HANS UY CANTEMPRATE	111,500	0.00%
GREGORIO CHUA CANTEMPRATE OR MINDA UY CANTEMPRATE OR GEOFFREY HANS UY CANTEMPRATE	44,600	0.00%
MYRA P. VILLANUEVA	33,450	0.00%
MYRNA P. VILLANUEVA	29,300	0.00%
MARIETTA V. CABREZA	22,300	0.00%
MARIA LOURDES M. ONOZAWA	22,300	0.00%
LOLITA SIAO-IGNACIO	22,300	0.00%
MILAGROS P. VILLANUEVA	22,300	0.00%
OWEN NATHANIEL S AU ITF: LI MARCUS AU	111	0.00%
JESUS N. ALCORDO	2	0.00%
MA. AURORA D. GEOTINA-GARCIA	2	0.00%
RUFINO LUIS T. MANOTOK	2	0.00%
TOTAL	**3,623,451,997**	**100%**
Treasury shares	-158,250,530	-4.37%
TOTAL	**3,465,201,467**	**95.63%**

Cash Dividends

Year of Dividend Declaration	**Rate of Dividend Declared per Share (in ₱)**	**Record Date**	**Amount Paid (in ₱)**
2014	12.50	November 3, 2014	48,000,000
2015	7.19	February 28, 2015	42,000,000
2015	10.27	June 15, 2015	60,000,000
2015	8.56	October 15, 2015	50,000,000
2015	5.66	December 15, 2015	50,000,000
2016	2.26	March 31, 2016	20,000,000
2016	5.99	August 31, 2016	52,943,457
2016	4.32	September 15, 2016	38,150,000
2016	1.70	September 30, 2016	15,000,000

Year of Dividend Declaration	Rate of Dividend Declared per Share (in ₱)	Record Date	Amount Paid (in ₱)
2016	0.74	November 21, 2016	650,000,000
2016	0.05	December 1, 2016	40,000,000
2016	0.03	December 1, 2016	40,000,000
2018	0.15	March 23, 2018	235,186,980
2019	0.20	March 26, 2019	332,590,000
2020	0.25	April 3, 2020	414,795,000
2021	0.25	April 16, 2021	388,749,900
2022	0.112 (Regular) 0.038 (Special)	April 22, 2022	519,780,220
2023	0.15 (Regular) 0.03 (Special)	April 18, 2023	623,736,264 (est)

Stock Dividends

Year of Dividend Declaration	Rate of Dividend Declared per Share	Record Date	No. of Shares
2014	0.5208	November 30, 2014	2,000,000
2015	0.3394	December 15, 2015	3,000,000
2021	1.23	June 18, 2021	1,909,451,997

The Company's Subsidiaries follow the parent's policy on dividends which states that dividends are declared and paid based on the assessment and approval of the Board, subject to the availability of retained earnings and taking into account cashflow considerations and other financial conditions of the Company after considering future capital expenditures, and project requirements, among others.

History of Share Issuances for the Past Five years

The Board of Directors of CLI at its meeting held on November 24, 2020 approved the increase in the authorized capital stock of CLI from ₱2,500,000,000.00 divided into 2,400,000,000 common shares with a par value of ₱1.00 per share, and 1,000,000,000 voting preferred shares with a par value of ₱0.10 per share, to ₱10,100,000,000.00, divided into 10,000,000,000 common shares with a par value of ₱1.00 per share, and 1,000,000,000 voting preferred shares with a par value of ₱0.10 per share.

Moreover, the Board of Directors of CLI at its meeting held on November 24, 2020 approved the declaration of stock dividend of 122% [.1] [CMAC2] on the outstanding capital stock of CLI or a total of 1,900,000,000 shares of common stock, to be issued out of the unrestricted retained earnings of CLI as of September 30, 2020, which stock dividends would be sourced from the increase in authorized capital stock of CLI, and payable to stockholders of record as of the record date and payment date to be fixed and approved by the Board of Directors of CLI and the regulators.

During the special stockholders' meeting held on February 26, 2021, the stockholders of CLI approved the distribution of new common shares as stock dividends. On the basis of such approval, stockholders on record would receive 123 shares for every 100 block of shares, and the stock dividends would be in lieu of cash payment from existing stockholders to subscribe the minimum requirement of 25% increase in authorized capital stock.

The SEC approved the increase in capital stock of CLI from ₱2,500,000,000.00 to ₱10,100,000,000.00 on May 21, 2021. Moreover, through an order dated May 26, 2021, the SEC authorized the record date of June 18, 2021 in connection with the stock dividends, among other matters.

On July 6, 2021, the PSE approved the application of CLI to list an additional 1,909,451,997 common shares to cover the stock dividend declaration to it stockholders of record as of June 18, 2021. The payment date was on July 14, 2021.

Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction

Under the SRC and the SRC Rules, securities are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are approved for registration by the SEC or are otherwise exempt securities under Section 9 of the Code or sold pursuant to an exempt transaction under Section 10 of the Code.

As set out above, in 2021, the Company issued 1,909,451,997 common shares in the form of stock dividends to its stockholders as of the relevant record date. The issuance is an exempt transaction pursuant to Section 10.1(d) of the SRC which states that the requirement of registration shall not apply to a distribution by a corporation actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus.

The Company granted stock options on January 5, 2022 to 73 eligible employees. Last March 15, 2022, 27 eligible employees exercised their stock options. In April 2022, 3,349,470 common shares from the treasury shares held by the Company were issued to the said employees. During the grant and the exercise date, and prior to actual re-issuance of shares pursuant to the ESOP, CLI had 161,600,000 treasury shares. After issuance, CLI has 158,250,530 remaining treasury shares.

The Company did not secure prior approval or confirmation of exemption from the SEC in relation to the issuance of 3,349,470 common shares from shares in treasury. It relied on Section 10.1(h) of the SRC which provides that "broker's transactions, executed upon customer's orders, on any registered Exchange or other trading market" are exempt transactions or exempt from the registration requirement under the SRC.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Calendar year 2022 Company Milestones, chronologically

Cebu Landmasters, Inc. ("CLI" or the "Company") is the leading real estate developer in Visayas and Mindanao currently located in 16 key cities.

In 2022, CLI will continue to launch projects to strengthen its market leadership in Visayas and Mindanao. During the year, it has unveiled more of its mid and premier series as the economy gradually reopens. Sixteen real estate projects were successfully launched and substantially sold out driving up the company's reservations sales namely:

a. Astra Corporate Center
b. Casa Mira Dumaguete Ph2
c. The East Village T1
d. The East Village T2
e. The East Village T3
f. Velmiro Bohol Expansion Ph2
g. Casa Mira South 4B.2
h. The East Village T4
i. Casa Mira Towers Palawan T1
j. Casa Mira Towers Palawan T2
k. Ramos Tower at Calle 104
l. The Ranudo Tower at Calle 104
m. Casa Mira Homes | Danao
n. Costa Mira Bohol
o. Casa Mira Towers Bacolod T3
p. Casa Mira Towers Palawan T3

Cebu Landmasters recorded a 10% hike in reservation sales year-on-year to Php18.1 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 on-going projects.

The company launched 4,690 units in 16 projects worth Php19.36 billion in 2022 and were 74% sold by the end of the year. Sales velocity of these launches hit peak levels with most developments fully taken up within days.

Cebu Landmasters Inc. (CLI) starts the year with strong reservation sales by selling out all three towers of the first residential development in Davao Global Township (DGT) in 4 days, generating a record Php4.068 billion in sales. This validates DGT as the most anticipated premier township in Davao.

The first among many launches in 2022, The East Village at DGT is the first residential development in the township with over 2,000 residential unit offerings spread across the 6-tower vertical village. The newly launched and sold-out three towers with a total of 1,087 units is scheduled for completion in Q3 2026.

Part of DGT's Phase 1 is the P700 million lifestyle mall called the DGT City Center that will be a landmark destination presenting an array of retail, restaurant and entertainment choices. It will feature dynamic, al fresco spaces and lush indoor gardens offering worry-free strolling and shopping. To complement this is the P200 million DGT Cultural Center with showrooms, museum spaces, a theater and function room which can hold up to 250 people.

In May 2022, Cebu Landmasters, Inc. (CLI) has accelerated its expansion to Eastern Visayas with the launch of Casa Mira Homes Ormoc, a 685-unit subdivision project on a 9-hectare property. Casa Mira Homes Ormoc, to be completed in 2023, is the eleventh Casa Mira development in VisMin.

On June 20, 2022, Cebu Landmasters, Inc. (the "Company") disclosed the approval of its Board of Directors of the offer and issuance of peso-denominated fixed rate bonds with a principal amount of up to P5 billion and an oversubscription option of up to P3 billion (the "Bonds"). The Bonds are part of the up to P15 billion fixed rate bonds to be applied by the Company for shelf registration.

Cebu Landmasters will use the bonds to support its growth plans, primarily by investing into markets where CLI's initial foray has exceeded expectations and continuing its strategic land banking activities.

As part of the company's commitment to provide quality and sustainable in-city vertical socialized housing, Cebu Landmasters, Inc. (CLI) turned over on June 29, 2022 the P115-million medium-rise building donated for the people of Cebu City. After less than 12 months of construction, 100 informal settler families now have a decent shelter. Walk-Up Sugbo 1 is a joint collaboration between Cebu Landmasters, Inc., the Cebu City Government and the Department of Human Settlements and Urban Development (DHSUD), and is designed to provide quality transition housing for informal settlers living in danger zones. It is the 1st of its kind of socialized housing development in VisMin, and is one of the most generously-appointed socialized housing buildings in the country.

At the same time, Cebu Landmasters together with Mandaue City Government and Department of Human Settlements and Urban Development signed an agreement and broke ground on the P100 million Tipolo Residences Building 4, a mid-rise socialized housing for the informal settlers and 2019 fire victims of Barangay Tipolo. 90 identified beneficiaries joined the momentous occasion and shared their excitement for their future homes.

On July 19, 2022, Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of PRS Aa plus, with a Stable Outlook, for Cebu Landmasters Inc.'s (CLI) proposed bond issuance of P5.0 billion, with an oversubscription option of up to P3.0 billion. This is the initial tranche of the Company's new three-year Shelf Registration program amounting to P15.0 billion.

PhilRatings has also upgraded the Issue Credit Rating for CLI's outstanding Series A to C Corporate Notes worth ₱5.0 billion to PRS Aa plus, with a Stable Outlook, from PRS Aa.

On July 23, 2022, Davao Global Township was formally inaugurated, completing site development in just 2 years. After only two years of site development, YHEST Realty Development Corp., a joint venture between Cebu Landmasters Inc. (CLI) and the Yuson, Huang and Tan families of the prominent Villa-Abrile clan of Davao, officially inaugurated the 23-hectare Davao Global Township (DGT) envisioned to be Mindanao's most sustainable central business district. It also started to offer 27 township commercial lots for sale after completing the utilities and road networks of the property. The commercial lots for sale have a total area of 47,194 square meters and lot sizes range from 1,054 square meters to 3,446 square meters.

Davao Global Township Phase 1 includes the township's first residential development The East Village at DGT, a commercial area and lifestyle mall DGT City Center (opening early 2024), and DGT Cultural Center (opening 2024).

In August 2022, purchased a 17-hectare expansion site in Butuan City. Where its most recent acquisition brought up its total landbank to 116 has.

In September 2022, CLI sold out Calle 104, a two-tower upscale residential project in record 3 days.The sales of the Php2.4 billion for Calle 104, which straddles Ramos and Ranudo Streets is a popular address of prominent families in Cebu. The high-end project in Cebu is CLI's eighth launch in 2022 across VisMin. Calle 104 is a joint venture project of CLI and Borromeo Brothers Estate, Inc. under Cebu BL-Ramos Ventures Inc. The upscale mixed-use development designed by Casas + Architects to be completed in Q4 2026 has two distinct towers connected by a retail podium with a gross floor area of 5,000 sqm. of lifestyle options including restaurants, clothing, and essentials. 2,300 sqm. supermarket is located in the basement for the convenience of residents.

On September 22, 2022, CLI finalized the issue size of its maiden Fixed Rate Bond ("Bonds") offering, with an aggregate principal amount of Five Billion Pesos (Php5,000,000,000.00) across 3 tenors.This initial issuance is the first from CLI's shelf registration of Php15 billion debt securities program to be utilized within three years. In a strong show of confidence in CLI, the Company's maiden retail bonds received strong demand from both institutional and retail investors, even as CLI price at the lowest end of the initial spread range. Interest rates have been set for the 3.5Y Series A at 6.4222%, for the 5.5Y Series B at 6.9884%, and for the 7Y Series C at 7.3649%. And received Permit to Sell from the Securities and Exchange Commission for its maiden P5bn retail bond Issuance on September 27, 2022.

On September 29, 2022, disclosed that in its first foray in Palawan, Cebu Landmasters, Inc. (CLI) sold in less than 1 week 85% of the first phase of an economic housing project in Puerto Princesa. Projected gross revenues from this seven-tower development is pegged at Php6 billion, with phase one set for completion in Q4 2025. The first venture in Palawan was a success. It showed that there is indeed a broader market for the bestselling housing brand Casa Mira beyond VisMin, and that the company Cebu Landmasters is gaining traction in new areas of expansion.

On October 7, 2022, Cebu Landmasters Inc. ("CLI") successfully listed its first fixed-rate bond offering worth Php5 billion at the Philippine Dealing and Exchange Corporation. BPI Capital Corporation and China Bank Capital Corporation have been appointed as joint issue managers, joint lead underwriters and joint bookrunners. PNB Capital and Investment Corporation, RCBC Capital Corporation and SB Capital Investment Corporation are co-lead underwriters.

Cebu Landmasters Inc. (CLI) dominated the 10th PropertyGuru Philippines Property Awards bagging 12 accolades including the Best Developer (Visayas) and Best Developer (Mindanao) awards presented in an exclusive gala event. CLI was also given Special Recognition in ESG and in Sustainable Design and Construction.

List of Winners:

- Abaca Resort Mactan, Best Resort Development
- Costa Mira Beachtown Mactan, Best Waterfront Condo Development
- The East Village, Best Condo Development (Mindanao) and Best Condo Architectural Design
- Sofitel Cebu City, Best Hotel Architectural Design
- Terranza Residences, Best Condo Development (Visayas)

Highly recommended:

- Astra Centre, Best Mixed-Use Development
- Sofitel Cebu City, Best Hotel Development

On October 28, 2022, CLI introduced a new immersive mountain resort in Balamban, Cebu. CLI further expands its growing leisure and hospitality portfolio with the 21-hectare MagsPeak Mountain Resort and Villas. The 21-hectare mountain estate in Magsaysay Peak in Balamban, Cebu, with an elevation of 800 meters is a joint venture between CLI and MagsPeak Nature Park Inc. composed of Cebuano businessmen and fellow Caminoans, Bob Gothong, Segundino Selma Jr., Richard Ray King, and Douglas Gacasan. It is designed to create a holistic mountain experience for Cebu with an outdoor, religious, and hospitality component, built with sustainability at its core. MagsPeak's offers a unique hospitality experience managed by CLI's Hospitality arm, CLI Hotels & Resorts. Opening in 2025, the resort comprises 13 exclusive mountain villas and 20 hotel rooms highlighting views of the Balamban mountain landscape and the western Cebu seascape. Guest stays will further be enhanced with a clubhouse, heated infinity pools, and a farm-to-table restaurant. With sustainability integral to its development, MagsPeak showcases eco-friendly initiatives and outdoor programs such as hiking trails, camping facilities, and other child-friendly activities surrounded by nature.

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 deemed it fit to declare a regular and special cash dividend of ₱0.15 and ₱0.03 per share on March 20, 2023 with a total estimated amount of ₱623 million, a 21% increase from the ₱520 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.

Review on the Company's Results of Operation

FY 2022 vs FY 2021

Cebu Landmasters recorded Normalized Net income to parent shareholders of ₱3.171 billion, an increase of 32% from ₱2.401 billion in 2021, the remainder after tax adjustments for the year were factored out. This generated an Earnings per share of ₱ 0.92, a growth of 21% YOY from ₱0.75 EPS in 2021. The significant increase is driven by the strong topline growth and fast economic recovery in the region.

Revenues

CLI's topline grew significantly by 40% to ₱15.657 billion from 2021's ₱11.162 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱29 billion or 17% increase in unrecognized revenue for future recognition.

Real estate sales
Revenue from the sale of real estate recorded a 40% growth y-o-y to ₱15.439 billion from ₱10.996 billion in 2021. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction was in full-swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for the largest share of revenues at 47%, followed by the Garden series with 27% and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu remain outstanding, representing 42% of the total revenues, with Davao following at 19%, Iloilo at 12% and CDO contributing 10%.

Premier Masters (Premier market), at ₱3.8 billion, increased by 47% y-o-y from ₱2.6 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo and Costa Mira Beach in Mactan.

Garden Series (Mid-market), at ₱4.2 billion, higher by 30% y-o-y from ₱3.2 billion, the biggest contributor was The East Village, the first residential project of CLI's Davao Global Township (DGT).

Casa Mira Series (Economic market), at ₱7.36 billion, grew by 43% y-o-y from ₱5.16 billion, driven by Casa Mira Ormoc, Casa Mira Homes Dumaguete and Casa Mira LPU in Davao.

In Q4 2022, the company recorded a total consolidated revenue of ₱4.694 billion, a 34% increase versus the ₱3.504 billion in Q42021 and is also 34% higher q-o-q from the ₱3.506 billion that was reported on Q3 2022. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the company.

Hotel operations
Launched on September 14, 2019, Citadines Cebu City posted ₱83.42 million for the period ending December 31, 2022. Hotel revenue grew significantly by 71% with the reopening of local and international borders, reviving trade and tourism.

Leasing
CLI's rental income increased by 7% from ₱74.27 million in 2021 to ₱79.28 million in 2022. Growth of the is being fueled by new lease agreements and new tenants in the recently finished Latitude Corporate Center. GLA had a 30,006 sq. m. total as of 2022 which includes 921 sq.m. of the recently completed 38 Park Avenue retail in Cebu IT Park, and are now being leased by high net worth partner

merchants. The rental occupancy rate increased as a result of these developments, rising from 41% on December 31, 2021, to 48% on December 31, 2022.

Property Management
Revenue from property management fees is at ₱55.47 million, a 29% y-o-y increase from ₱42.59 million mainly from continuous turn-over of completed projects during the year—Casa Mira South Phase 1 and 2, Casa Mira Coast, Velmiro Uptown CDO and Casa Mira Bacolod.

Cost and Expenses

The Company's cost of sales for the period ended December 31, 2022 amounted to ₱8.37 billion, an increase of 40% from ₱5.97 billion in line with the increase in revenue.

Total operational expenses for the year were ₱2.37 billion, up 21% from ₱1.95 billion, mostly as a result of commissions and incentives tied to the increase in real estate revenues. Further, In order to support CLI's expansions across VisMin, the Group's workforce increased to 801 employees from 691 personnel, with a 20% increase in salaries and benefits, totaling ₱516 million.

The cost of borrowing for the year was ₱811.68 million with an average borrowing rate of 6.07%, up from the cost of borrowing reported in 2021 of 4.77% due to the BSP's ongoing increase in interest rates to counter inflation. The interest on bank loans and corporate notes used to finance the company's project developments is represented by the borrowing cost, which is recorded as period costs and expenses.

FY 2021 vs FY 2020

Cebu Landmasters recorded Net income to parent shareholders of ₱2.613 billion , an increase of 42% from ₱1.846 billion in 2020. This generated an Earnings per share of ₱ 0.75, a growth of 47% YOY from ₱0.51 EPS in 2020. The significant increase is driven by the strong topline growth and one-time tax adjustment amounting to ₱255 million brought about by the implementation of CREATE law.

Revenues

CLI's topline grew by 35% to ₱11.16 billion from 2020's ₱8.3 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱25 billion or 23% increase in unrecognized revenue for future recognition.

Real estate sales
Revenue from the sale of real estate recorded a 35% growth y-o-y to ₱10.996 billion from ₱8.15 billion in 2020. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction was in full-swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for 46% of revenues, followed by the Garden series with 29% and Premier Masters with 23%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu remains outstanding, representing 55% of the total revenues, followed by CDO with 11% with Davao and Iloilo both contributing 10%.

Premier Masters (Premier market), at ₱2.6 billion, increased by 17% y-o-y from ₱2.2 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo.

Garden Series (Mid-market), at ₱3.2 billion, higher by 7% y-o-y from ₱3 billion, driven by Mandtra Residences, Velmiro Plains Bacolod andVelmiro Heights CDO.

Casa Mira Series (Economic market), at ₱5.16 billion, grew by 93% y-o-y from ₱2.67 billion, mainly from newly launched projects during the year: Casa Mira LPU in Davao and Casa Mira Iloilo.

In Q4 2021, the company recorded a total consolidated revenue of ₱3.5 billion, a 35% increase versus the ₱2.6 billion in Q42020 and is 39% higher q-o-q from the ₱2.5 billion that was reported on Q3 2021. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the company.

Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted ₱48.68 million revenue for the period ending December 31, 2021 a slight decrease from ₱54.56 million in 2020. With 2020 hotel revenues driven from BPO companies that housed their employees during the lockdown.

Leasing

As more retail businesses were given permission to operate with less restrictions, rental revenue increased by 34% y-o-y to ₱74.27 million from ₱55.24 million. GLA increased by 100% y-o-y to 29,133 sq.m from 14,536 sq.m. with the completion of Latitude Corporate Center and retail spaces in residential projects. As of December 31, 2021, rental occupancy rate is at 41%, declined from 79% as of December 31, 2020.

Property Management

Revenue from property management fees is at ₱42.97 million, a 1% y-o-y increase from ₱42.59 million mainly from continuous turn-over of completed projects during the year—Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

Cost and Expenses

The Company's cost of sales for the period ended December 31, 2021 amounted to ₱5.97 billion, an increase of 39% from ₱4.28 billion in line with the increase in revenue.

Total operating expenses during the year amounted to ₱1.95 billion, a 54% y-o-y increase from ₱1.27 billion mainly due to the increase in accounted commissions and incentives to ₱726 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives. Salaries and employee benefits also grew by 22% to 431.93 million which aligns with the increase in the Group's manpower to 691 employees from 574 employees to support CLI's expansions across VisMin. During the year, the company also spent 100 million in costs attributable to the purchase of the 14.3 hectares that will be integrated into the Xavier University Masterson Campus.

During the year, borrowing costs amounted to ₱571.47 million with a lower average borrowing rate of 4.75%, an improvement from the cost of borrowing reported in 2020 of 4.96%. The borrowing cost represents the interest on bank loans and corporate notes to fund the Company's project developments that are recognized as period costs and expenses.

FY 2020 vs FY 2019

For the period ending December 31, 2020, Parent Company NIAT was at ₱1.85 billion, a slight decline of 8% y-o-y from ₱2.01 billion. A decline in the Company's bottom line numbers was due to the stringent lockdown measures imposed by the government during the period. This translates to an earnings per share of ₱1.15.

CLI bounced back and posted a strong financial growth as restrictions eased during the second half of 2020. The Company's consolidated NIAT during the second half of the year is at ₱1.16 billion, 26% higher as compared to the first half. Parent NIAT during the second half of 2020, on the other hand, is at ₱1.05 billion, 33% higher than the first half.

Revenues

For the period ending December 31, 2020, CLI generated consolidated revenue of ₱8.30 billion, a slight decline of 2% y-o-y from ₱8.50 billion. In the fourth quarter of the period, consolidated revenue registered at ₱2.59 billion, 18% growth from ₱2.20 billion in the third quarter of 2020, as travel restrictions ease and as operations and construction recuperate.

Real estate sales
Revenue from sale of real estate reached ₱8.15 billion, a 3% y-o-y slight decline from ₱8.39 billion in 2019, driven by Garden Series (36%), followed by Casa Mira Series (32%) and Premier Masters (27%). In the same period of 2019, Garden Series generated 37% of the total revenues, followed by Casa Mira (30%) and Premier Masters (30%). In terms of location, CLI's presence in Cebu remains strong, representing 52% of the total revenues, followed by CDO (16%) and Bacolod (11%), for both periods ending December 31, 2020.

Premier Masters (Premier market), at ₱2.22 billion, declined by 13% y-o-y from ₱2.54 billion, with the construction slowdown of 38 Park Avenue due to the pandemic.

Garden Series (Mid-market), at ₱2.99 billion, slightly declined by 6% y-o-y from ₱3.12 billion, driven by Mivela Garden Residences, Velmiro Plains Bacolod and, the recently launched, Velmiro Greens Bohol.

Casa Mira Series (Economic market), at ₱2.67 billion, grew by 6% y-o-y from ₱2.51 billion, mainly from newly launched projects during the year: Casa Mira Iloilo and Casa Mira South Phase 3B.

During the second half of 2020, CLI posted a 38% growth as compared to the first half. The robust growth was driven by the easement of quarantine across VisMin sites increasing construction efficiency to 90% from 70% in the 2nd quarter. Collections on the other hand has also improved with more accounts qualifying for revenue recognition in the last two quarters.

Hotel operations
Launched on September 14, 2019, Citadines Cebu City posted ₱54.56 million for the period ending December 31, 2020. With hotel revenues driven from BPO companies that housed their employees during the lockdown.

Leasing
The Company offered rental concessions and holidays to support local businesses during lockdown decreasing its rental revenue by 13% y-o-y to ₱55.24 million from ₱63.16 million. GLA increases by 2% y-o-y to 14,536 sq.m. from 14,296 sq.m. with the completion of retail spaces in residential projects. As of December 31, 2020, rental occupancy rate is at 79%, a minor decline from 82% as of December 31, 2019.

Property Management
Revenue from property management fees is at ₱42.59 million, 16% y-o-y increase from ₱36.84 million mainly from continuous turn-over of completed projects during the year—Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

Cost and Expenses

The Company's cost of sales for the period ended December 31, 2020 is at ₱4.28 billion, from ₱4.30 billion in line with the slim decrease in revenue.

Total operating expenses during the period amounted to ₱1.27 billion, 11% y-o-y increase from ₱1.15 billion mainly from an increase in commissions and incentives to ₱429.73 million with the implementation of PFRS 15. Salaries and employee benefits also grew by 18% to ₱352.75 million due to an increase in the Group's manpower to 574 employees from 475 employees to support CLI's expansions across VisMin. Despite the digitalization of the Company's sales and marketing, other operating expenses likewise increased as the Company implemented and heightened safety and health protocols in the workplace.

During the year, borrowing costs amount to ₱460.13 million with average borrowing rate of 4.96% representing the costs on bank loans and corporate notes to fund the Company's project developments. This includes the ₱8.0 billion corporate notes issued during the year.

Review on the Company’s Financial Condition

As of December 31, 2022 vs December 31, 2021

CLI’s balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2022, CLI’s consolidated assets stood at ₱85.04 billion ,a 28% y-o-y growth to from ₱66.65 billion driven by the increase in contract assets, real estate inventories and investment properties.

ASSETS

31% increase in Cash and Cash equivalents
Increase to ₱1,434.56 million from ₱1,095.82 million largely due to collections and higher take-outs deposited under Short-term placements.

39% decrease in Accounts receivable (including non-current portion)

Decrease to ₱3.68 billion from ₱6 billion mainly due to collections from completed projects.

58% increase in Contract assets (including non-current portion)

Increase to ₱31.98 billion from ₱20.29 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

2% decrease in Real estate inventory

Slightly decreased to ₱18.31 billion from ₱18.71 billion due to robust selling of the company’s inventory.

100% increase in Deposits on land for future development (including non-current portion)

Deposit amounting to ₱130 million mainly due to the recent purchase of a property in Butuan for a residential development.

38% decrease in Due from related parties

Transactions paid by the Parent Company on behalf of its related parties decreased to ₱35.80 million from ₱57.43 million mainly from collections on subsidiary and affiliate businesses.

5% increase in Prepayments and other current assets

Increase to ₱4.96 billion from ₱4.74 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions and related input Value Added Tax on construction materials purchased.

426% increase in Property and equipment

Increase to ₱4,813.72 million from ₱915.67 million mainly from the reclassification of investment property.

34% increase in Investment properties

Increase to ₱17.75 billion from ₱13.24 billion attributed to ongoing construction of our investment properties, which include our hospitality and commercial assets..

1% increase in Right-of-use asset and 10% increase in Lease liabilities

Right-of-use asset and Lease liability increased to ₱1.168 billion and ₱1.152 billion, respectively, with recognition of a new 30 year land lease for the retail area to complement the soon to be residents of Casa Mira towers Mandaue.

LIABILITIES

25% increase in Interest-bearing loans and borrowings (including non-current portion)
Increase to ₱40 billion from ₱32.02 billion mainly from new bank loans availed including proceeds from bonds issuance.

49% increase in Trade and other payables (including non-current portion)
Increase to ₱19.04 billion from ₱12.82 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

48% increase in Deferred Tax Liabilities
Increase to ₱3.03 billion from ₱2.05 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

2% decrease in Treasury Shares
Decrease to ₱732.66 million from ₱748.17 million. In 2022, the Parent Company issued to its qualified officers 3,349,470 common shares out of its treasury shares in relation to the ESOP.

3% Increase in Revaluation reserves
Increase to ₱13.91 million from ₱13.48 million due to the remeasurement of post-employment defined benefit obligation.

6% increase in Non-Controlling Interest
Increase to ₱7.51 billion from ₱7.09 billion significantly from increased share in net profit in 2022 by ₱379 million mainly from GGTT (Terranza residences), CHDI (Mandtra residences) and YHEST (The East Village @ DGT)

As of December 31, 2021 vs December 31, 2020

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2021, CLI's consolidated assets stood at ₱66.6 billion, a 33% y-o-y growth from ₱50.09 billion driven by the increase in contract assets, real estate inventories and investment properties.

ASSETS

37% increase in Cash and Cash equivalents
Increase to ₱1,095.82 million from ₱797.18 million largely due to collections and higher take-outs deposited under Short-term placements.

2% decrease in Accounts receivable (including non-current portion)
Decrease to ₱6.00 billion from ₱6.14 billion mainly due to collections from completed projects.

46% increase in Contract assets (including non-current portion)
Increase to ₱20.29 billion from ₱13.86 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

40% increase in Real estate inventory
Increase to ₱18.71 billion from ₱13.40 billion driven by inventory on newly projects launched during the year, inventory on projects under construction becoming more valuable as building progress is achieved, and reclassification of investment properties worth a total of ₱1.84 billion to real estate inventories as well as fully paid raw land worth ₱1.08 billion from deposits on land to real estate inventories.

100% decrease in Deposits on land for future development (including non-current portion)
Balance zeroed out from ₱699.77 million as fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion. Additional deposits on land for the year amount to ₱376.33 million.

162% increase in Due from related parties
Transactions paid by the Parent Company on behalf of its related parties increase to ₱57.43 million from ₱21.95 million mainly from cash advances to subsidiary and affiliate businesses.

57% increase in Prepayments and other current assets
Increase to ₱4.74 billion from 3.02 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions and related input Value Added Tax on construction materials purchased.

4% increase in Associates
Increase to ₱135.07 million from ₱129.85 million mainly from investment to Icom Air Corporation and Magspeak Nature Park, Inc. during the year amounting to ₱110.82 million and ₱24.25 million respectively.

42% increase in Property and equipment
Increase to ₱ 915.67 million from ₱ 643.39 million with the construction of new offices and branches to support CLI's expanding developments.

31% increase in Investment properties
Increase to ₱13.24 billion from ₱10.09 billion attributed to ongoing construction of our investment properties, which include our hospitality and commercial assets..

21% increase in Right-of-use asset and 35% increase in Lease liabilities
Right-of-use asset and Lease liability increased to ₱1.15 billion and ₱1.13 billion, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

LIABILITIES

35% increase in Interest-bearing loans and borrowings (including non-current portion)
Increase to ₱32.02 billion from ₱23.79 billion mainly from the ₱11.48 billion new bank loans during the year.

71% increase in Trade and other payables (including non-current portion)
Increase to ₱12.82 billion from ₱7.48 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

21% increase in Deferred Tax Liabilities
Increase to ₱2.05 billion from ₱1.69 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

111% increase in Capital Stock
Due to the declaration of stock dividends amounting to 1,909,451,997 common shares with a par value of P1.00 or ₱1.9 billion as approved by the PSE on July 6, 2021.

2% increase in Treasury Shares
From the BOD approved buyback program in 2020, in the Parent Company reacquired 2,599,600 shares of its common stock in 2021 for ₱15.32 million and presented them as Treasury Stock in the consolidated statement of financial position.

5% increase in Revaluation reserves
Increase to ₱13.48 million from ₱12.88 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

3% increase in Non-Controlling Interest
Increase to ₱7.09 billion from ₱6.9 billion significantly from additional paid-in capital during the year to CLI-LITE amount to ₱252.73 million. Also, Mivesa Garden Residences, Inc. (MGR) declared total cash dividends of ₱160 million of which ₱88 million is payable to non-controlling shareholders.

As of December 31, 2020 vs December 31, 2019

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2020, CLI's consolidated assets reported a 31% y-o-y growth to ₱50.09 billion from ₱38.28 billion driven by the increase in contract assets and investment properties.

ASSETS
13% decrease in Cash and Cash equivalents
Decreased to ₱797.18 million from ₱917.17 million due to additional safety and health equipment, rapid testing and donations to aid the Company's customers, employees and community during COVID.

5% increase in Accounts receivable (including non-current portion)
Increased to ₱6.14 billion from ₱5.88 billion mainly due to reclassification of customer's outstanding receivable on fully completed units in Mivesa Garden Residences, Latitude and Villa Casita North from contract assets to accounts receivable.

56% increase in Contract assets (including non-current portion)
Increased to ₱13.86 billion from ₱8.89 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

42% increase in Real estate inventory
Increased to ₱13.40 billion from ₱9.45 billion driven by unsold inventory on newly projects launched during the year and ₱1.46 billion fully paid raw land reclassified from deposits on land to real estate inventory.

46% decrease in Deposits on land for future development (including non-current portion)
Decreased to ₱699.77 million from ₱1.29 billion as fully paid land purchases were reclassified to raw land inventory. Additional deposits on land for the year amount to ₱868.10 million.

121% increase in Due from related parties
Transactions paid by the Parent Company on behalf of its related parties increased to ₱21.95 million from ₱9.95 million mainly from cash advances to shareholders, entities under common ownership and associates.

33% increase in Prepayments and other current assets
Increased to ₱3.02 billion from ₱2.27 billion coming from advances to suppliers and subcontractors; prepaid commissions and related input Value Added Tax on construction materials purchased.

693% increase in Associates

Increased to ₱129.85 million from ₱16.38 million mainly from investment to Icom Air Corporation during the year amounting to ₱96.49 million.

81% increase in Property and equipment
Increased to ₱ 643.39 million from ₱355.12 million with the construction of new offices and branches to support CLI's expanding developments.

13% increase in Investment properties
Increased to ₱10.09 billion from ₱8.90 billion attributed to ongoing construction on recurring income projects and businesses.

444% increase in Right-of-use asset and 495% increase in Lease liabilities
Right-of-use asset and Lease liability increased to ₱950.90 million and ₱834.73 million, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office during the year.

LIABILITIES

41% increase in Interest-bearing loans and borrowings (including non-current portion)
Increased to ₱23.79 billion from ₱16.85 billion mainly from the ₱8.0 billion Corporate Notes issued during the year.

29% increase in Trade and other payables (including non-current portion)
Increased to ₱7.48 billion from ₱5.78 billion representing outstanding obligations to subcontractors and suppliers of construction materials.

50% increase in Deferred Tax Liabilities
Increased to ₱1.69 billion from ₱1.12 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

196% increase in Treasury Shares
On March 27, 2020, the Board of Directors (BOD) of the Parent Company approved an additional ₱500.0 million stock buy-back program to support CLI's stock price and take advantage of the current low valuation for the next two years. Treasury shares purchased during the period amount to ₱485.66 million.

105% increase in Revaluation reserves
Increased to ₱12.88 million from ₱6.59 million due to an increase in estimated loss on remeasurement of post-employment defined benefit obligation.

15% increase in Non-Controlling Interest
Increased to ₱6.90 billion from ₱6.06 billion due to the additional paid-in capital during the year to fund JVs, Cebu Homegrown Developers, Inc. (CHDI), Cebu BL Ramos Ventures (CBLRV), and GGTT Realty Corporation (GGTT).

Key Performance Indicators

The Company uses a range of financial and operational key performance indicators ("**KPIs**") to help measure and manage its performance. These KPIs reflect the Company's continuous focus on growth, capital efficiency, cost control and profitability across all its operations. The management considers the following as KPIs:

	2022	**2021**	**2020**	**2019**	**2018**
Gross Profit Margin[1]	47%	46%	48%	49%	54%
Net Income Margin[2]	23%	24%	25%	29%	32%
EBITDA[3]	₱5.7 billion	₱3.7 billion	₱3.36 billion	₱3.42 billion	₱2.88 billion
EBITDA Margin[4]	36%	33%	40%	40%	41%
Return on Average Assets[5]	5%	5%	5%	8%	11%
Return on Average Equity (Parent)[6]	26%	27%	23%	29%	31%
Current Ratio[7]	1.60	1.67	2.41	2.56	3.66
Debt to Equity Ratio[8]	1.90	1.79	1.53	1.23	0.94
Net Debt to Equity Ratio[9]	1.84	1.72	1.48	1.16	0.86
Interest Coverage Ratio[10]	3.89	3.42	3.63	5.18	9.45

[1] *Gross Profit Margin is gross profit as a percentage of revenues*
[2] *Net Income Margin is net income as a percentage of revenues*
[3] *EBITDA is defined as earnings before interest, tax, depreciation and amortization from continuing operations and before exceptional items.*
[4] *EBITDA margin is EBITDA as a percentage of revenues*
[5] *Return on Average Assets is net income as a percentage of the average assets as at year-end and assets as at end of the immediately preceding year.*
[6] *Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year.*
[7] *Current Ratio is current assets divided by current liabilities*
[8] *Debt to Equity Ratio is interest bearing debt over total equity*
[9] *Net Debt to Equity Ratio is interest bearing debt less cash and cash equivalent over total equity*
[10] *Interest Coverage ratio is EBIT divided by interest paid*

ITEM 7. FINANCIAL STATEMENTS

The Company's audited consolidated financial statements as of and for the periods ending December 31, 2022 and 2021 are incorporated in the accompanying *Index*.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has engaged the services of Punongbayan and Araullo (P&A) Grant Thornton. There were no disagreements with the firm on any matter of accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS AND KEY PERSONNEL OF THE REGISTRANT

The overall management and supervision of the Company is vested in its board of directors. The Company's officers and management team cooperate with its Board by preparing relevant information and documents concerning the Company's business operations, financial condition, and results of operations for its review and action. At present, the Board consists of nine members, including three independent directors in accordance with the requirements of the SRC and the SEC's Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, series of 2016). The CLI Board is composed of directors with collective working knowledge, experience, and expertise that are relevant to the real estate industry. The CLI Board has an appropriate mix of competence and expertise and they remain qualified for their positions individually and collectively. All of CLI's directors were elected during the Company's annual stockholders' meeting held on 07 June 2022.

Members of the Board of Directors

Name	Age	Position	Citizenship	Date of first appointment as CLI Director
Jose R. Soberano III	67	Chairman of the Board, President and Chief Executive Officer (CEO)	Filipino	September 2003
Ma. Rosario B. Soberano	64	Director, Treasurer and Executive Vice-President	Filipino	September 2003
Jose Franco B. Soberano	37	Director, Chief Operating Officer (COO) and Executive Vice-President	Filipino	November 2010
Beauregard Grant L. Cheng	41	Director and Chief Financial Officer (CFO)	Filipino	May 2019

Joanna Marie S. Bergundthal	35	Director, Senior Vice-President for Marketing and Asst. Treasurer	Filipino	February 2017
Rufino Luis T. Manotok	72	Lead Independent Director	Filipino	February 2017
Ma. Aurora D. Geotina-Garcia	70	Independent Director	Filipino	February 2017
Atty. Ma. Jasmine S. Oporto	63	Independent Director	Filipino	August 2018
Stephen A. Tan	66	Non-Executive Director	Filipino	May 2019

- **Jose R. Soberano III**, 67, Filipino, has been the Company's Chairman, CEO, and President since its incorporation in September 2003. He obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School. He previously worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and in 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 2011, and President of the Chamber of Real Estate Builders Association-Cebu in 2010. Mr. Jose R. Soberano III has more than 20 years of experience in managing and heading companies engaged in real estate development.

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, 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.

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

Ma. Rosario B. Soberano, 64, Filipino, has served as the Director, Treasurer, and Executive Vice President of the Company since September 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 Degree in Business Administration from the University of the

Philippines ("UP") – Cebu in 1983. She is a Certified Public Accountant and a licensed real estate broker duly registered with the Professional Regulations Commission and Department of Human Settlements and Urban Development.

Other present directorships:

In addition to her directorships and key positions held 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, 37, Filipino, has served as Director, COO and Executive Vice-President of the Company since November 2010. He received a degree in Bachelor of Science in Management, major in Legal Management and 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. Prior to 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 held 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.

Name of Entity	Classification	Position
Global Shapers - Cebu Hub (*an initiative of the World Economic Forum)*	Non-PLC	Founding Member
Sacred Heart School - Ateneo de Cebu Alumni Association	Non-PLC	President

Beauregard Grant L. Cheng, 41, Filipino is currently the CFO and Executive Director of CLI since May 2019. Before joining CLI, he was a Senior Deal Manager with a 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 a broad array of industries on corporate restructuring and reorganization. Previously, he was a private banker based in Singapore handling accounts for high net worth individuals and institutions. He is a registered Chartered Financial Analyst ("CFA") Charter holder and is a member of the CFA Philippines Society. He earned his degree in Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. He was awarded as one of the Top Ten Outstanding Students of the Philippines by the Philippine President. He earned his Masters of Science in Wealth Management with distinction from Singapore Management University and Swiss Finance Institute in Zurich. He was awarded as the 2022 ING-FINEX CFO of the Year, becoming its youngest recipient and the first awardee from a non-conglomerate organization. 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, 35, Filipino, has served as Director of the Company since February 2017, 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 and Master of Arts in Communication, Major in Integrated Marketing Communication in 2008 and 2009, respectively. She was Top 1 of her Batch 2008. Prior to joining the Company, she was a Marketing Manager of the Global Team of Nestle based in Switzerland from June 2014 to August 2015 and was Marketing Project Manager based in Thailand from August 2015 to June 2016. In October 2013 to May 2014, she worked as a Marketing Manager of Nestle Philippines.

Other present directorships:

In addition to her directorships and key positions held 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, 72, Filipino, 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 Bachelor of Arts, major 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:

Name of Entity	Classification	Nature of Directorship
First Metro Investment Corporation	Non-PLC	Independent Director
Manila Doctor Hospital	Non-PLC	Non-Executive Director
Manarsa Holdings, Inc.	Non-PLC	Chairman of the Board
Manotok Bros., Inc.	Non-PLC	Executive Director

Ma. Aurora D. Geotina-Garcia, 70, Filipino, 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 ("MBA") from the same university in 1978. She headed SyCip Gorres Velayo & Co.'s ("SGV & Co.") Global Corporate Finance Division from 1992 until her retirement from the partnership in 2001. She was a Senior Adviser to SGV & Co. from the time of her retirement until September 2006. She has served as a consultant to businesses and the government for over 30 years in the area of corporate finance. 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:

Name of Entity	Classification	Nature of Directorship / Position
ACEN Corporation	Publicly-listed	Independent Director
ENEX Energy Corp.	Publicly-listed	Independent Director
Professional Services, Inc.	Non-PLC	Lead Independent Director
Mageo Consulting Inc.	Non-PLC	President

Atty. Ma. Jasmine S. Oporto, 63, Filipino, 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 Bachelor of Landscape Architecture (*cum laude*) from the same university. She is a member of both the Philippine and New York bar associations and placed No. 3 in the 1988 Philippine Bar Examinations. 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 and 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 in working with a wide 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, 66, Filipino, has been a member of the CLI board as Non-Executive Director since May 2019. He is a Certified Public Accountant and a holder of an MBA, with distinction, from Kathlioke 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. Prior to retiring from CLI as CFO in May 2019, he has also served as CFO and Treasurer at various companies engaged in real estate development, construction, food, and shipbuilding, among others. For more than 30 years, he has been a part-time MBA professor in 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:

Name of Entity	Classification	Nature of Directorship / Position
CLI-LITE Panglao Inc.	Non-PLC	Independent Director
Sacred Heart School – Ateneo de Cebu	Non-PLC	Board of Trustee
Tsuneishi Heavy Industries (Cebu), Inc.	Non-PLC	Treasurer

In compliance with the requirements of the SRC and SEC's CG Code for PLCs, the Board of Directors is composed of three (3) 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 hold 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 of 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 limit of Board seats, non-executive directors, including independent directors, can only concurrently serve up to a maximum of five (5) publicly-listed companies. As of the calendar year ending 31 December 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 5 or more publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge management's proposals and views, and oversee the long-term strategy of CLI.

Executive Officers and Key Personnel

Name	Age	Position	Citizenship
Jose R. Soberano III	67	President and CEO	Filipino
Ma. Rosario B. Soberano	64	Treasurer and Executive Vice-President	Filipino
Jose Franco B. Soberano	37	COO r and Executive Vice-President	Filipino
Beauregard Grant L. Cheng	41	Chief Financial Officer	Filipino
Joanna Marie S. Bergundthal	35	Senior Vice-President for Marketing and Asst. Treasurer	Filipino
Janella Mae S. Wu	31	Assistant Vice-President for Corporate Communications and Customer Relations	Filipino
Marie Rose C. Yulo	54	Vice-President for Sales	Filipino
Engr. Pedrito A. Capistrano, Jr.	59	Vice-President for Engineering	Filipino
Atty. Larri-Nil G. Veloso	44	Vice-President for Legal and Asst. Corporate Secretary	Filipino
Connie N. Guieb	44	Vice-President for Finance & Accounting, and CLI Financial Comptroller	Filipino
Jessel M. Kabigting	53	Vice-President for Operations	Filipino
Sylvan John M. Monzon	48	Vice-President for Business Development	Filipino
Mark Leo M. Chang	44	Vice-President for External Affairs	Filipino
Rhodora M. Vicencio	50	Vice-President for Property Management	Filipino
Julieta R. Castaños	43	Assistant Vice-President for Business Development	Filipino
Marilou P. Plando	47	Assistant Vice-President for Risk Management and Chief Risk Officer (CRO)	Filipino
Atty. Alan C. Fontanosa	60	Corporate Secretary	Filipino
Atty. John Edmar G. Garde	34	Compliance Officer	Filipino

Clarissa Mae A. Cabalda	33	Investor Relations Officer	Filipino

For the description of the business experience, educational background, and other directorships, as applicable, of Jose R. Soberano III, Ma. Rosario B. Soberano, Jose Franco B. Soberano, Beauregard Grant L. Cheng, and Joanna Marie S. Bergundthal, please refer to the description set out under the section "Information about Directors".

Janella Mae S. Wu, 31, Filipino, joined the Company as Corporate Communications and Customer Relations Head in January 2020. She obtained her Bachelor of Arts in Integrated Marketing Communications degree from the University of Asia and the Pacific, Manila in 2013 and completed her Master of Science in Strategic Communications at Columbia University, New York in 2020. Prior to graduate school, she worked for the Company as Marketing Manager from 2017 to 2018 and United Laboratories (UNILAB) as Brand Manager from 2013 to 2017. She is the daughter of Jose R. Soberano III and Ma. Rosario Soberano.

Marie Rose C. Yulo, 54, Filipino, is the Company's Vice-President for Sales. Prior to this, she was the Assistant Vice-President for both Sales and Marketing from March 2011 until August 2016 when the Company spun off its marketing unit as a separate department to provide focused attention to the equally challenging marketing and branding initiative of the Company. She also has significant experience in the areas of travel and tours, and banking. She completed her Bachelor of Science degree in Business Administration at the University of San Carlos and earned MBA units from the University of the Visayas. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Engr. Pedrito A. Capistrano Jr., 59, Filipino, is the Vice-President for Engineering of the Company. He is a licensed engineer in the field of Civil Engineering and Geodetic Engineering. He has been working with the Company since August 2011 when he was hired as Project Manager. His more than 34 years of experience has established his solid foundation and credibility in the construction and allied fields. Some of the established companies he had worked for were Filinvest Land Inc., Robinsons Land Corporation, Cebu Industrial Park Developers, Inc., AboitizLand, Inc. and Aboitiz Construction Group, Inc. He finished his Bachelor of Science degree in Civil Engineering at Cebu Institute of Technology University in Cebu City and earned his Master of Science in Management Engineering from the University of the Visayas also in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Atty. Larri-Nil G. Veloso, 44, Filipino, is the Vice-President for Legal and serves as the Company's Assistant Corporate Secretary. An experienced practitioner in Corporate Law, he holds a Bachelor of Arts in Mass Communication from UP and earned his Bachelor of Laws from the University of Southern Philippines Foundation. While finishing law school, he worked for print and online newspapers, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to joining the Company, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and later promoted as General Manager. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Connie N. Guieb, 44, Filipino, is the Vice-President for Finance and Accounting. A certified public accountant, she also serves as the Company's Financial Comptroller. She has more than 15 years of accountancy and finance experience in various industries in both public and private sectors in the Philippines. She graduated *cum laude* with a Bachelor of Science in Accountancy degree from the University of San Carlos, and Bachelor of Laws from the University of Cebu. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Jessel M. Kabigting, 53, Filipino, is the Vice-President for Operations of the Company. He finished Civil Engineering from the University of Santo Tomas and is the Gold Medalist in the Ateneo-Regis University MBA Program with a specialization in Marketing and Finance. He worked for 25 years in construction, real estate, and in outsourcing companies prior to joining the Company. He managed the planning, construction, procurement, and operations of various residential, office, retail, and mixed-use projects in the Philippines under Ayala Land and MDC. He also previously worked at

Accenture for 6 years and served as Service Transition Executive and Solution Architect for the Philippines. During this time, he led outsourcing and sales engagements for Philippines and India and worked with clients from the USA and Europe. He used to manage day-to-day business operations for three firms before joining the Company. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Sylvan John M. Monzon, 48, Filipino, is the Vice-President in-charge of business development for the Company's projects in Mindanao. Prior to joining CLI, he held various positions in the real estate industry for more than 20 years such as Project Development Assistant Supervisor of Cebu Holdings, Inc., Assistant Chief Operating Officer of Ortigas and Company Limited Partnership, and as Head of Business Development of Ortigas and Company Holdings Inc. He graduated with a Bachelor of Science degree in Business Management from the University of Asia and the Pacific in Pasig City, Philippines. He also earned a Certificate in Business Economics from the same university. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Mark Leo M. Chang, 44, Filipino, is the Company's Vice-President for External Affairs. He graduated with a degree in Bachelor of Laws (Juris Doctor) from the University of San Carlos (USC) School of Law, Cebu City in 2009 and Bachelor in Business Management from UP – Cebu in 1999. In 1998, he was awarded as one of The Outstanding Student Leaders of UP Cebu by the Junior Jaycees of UP Cebu Chapter. He previously worked as Senior Manager for External Affairs of Cebu Holdings, Inc., a subsidiary of Ayala Land, Inc. from February 2015 to July 2017 (including as Consultant) and as Senior Manager for Permits with Countryside Water Services under Filinvest Development Corporation from August 2017 to June 2018. He held the position of Presidential Staff Officer V functioning as Executive Assistant and Political Officer under the Office of the Presidential Political Adviser Sec. Ronaldo M. Llamas of the Office of the President from April 2011 to December 2014. He also worked as an Intern (Researcher) at Sycip Salazar Hernandez Gatmaitan Law Office - Cebu Branch from September 2005 to March 2007. He used to be the National President of the Association of Law Students of the Philippines, a federation of law student councils in the country, for Academic Year (AY) 2008-2009 and President of USC Lex Circle (Law Student Council) for 2 terms in AY 2006-2008. He is one of the founders of Roco for President Youth Movement and Aksyon Kabataan, a youth arm of Aksyon Demokratiko, the political party of the late Sen. Raul S. Roco in 1998. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Rhodora M. Vicencio, 50, Filipino is the Vice-President for Property Management of CLI. She has 25 years of experience in property management specializing in residential and commercial real estate, facility administration and leasing. She worked in different real estate companies in the National Capital Region, Cordillera Administrative Region, Bicol Region, Western Visayas, and Central Visayas. She was also a consultant and instrumental in the set-up of local operations of Common Ground Works, Philippines from Malaysia. She graduated from the College of the Holy Spirit in Manila with a double major in Bachelor of Science in Commerce in Marketing and Management. She also attended and completed modules under the Post–Baccalaureate Program for Building and Property Management in De La Salle – College of St. Benilde. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Julieta R. Castaños, 43, Filipino, joined the Company as Business Unit Head for Cebu Residential Projects in March 2020. She obtained her Bachelor of Science in Accountancy from the University of San Carlos in 2000. She previously worked at Filinvest Land, Inc. for 14 years with various functions: from April 2005 to January 2009 as Branch Accountant; from January 2009 to January 2012 as Branch Operations Head; from January 2012 to May 2013 and from September 2014 to April 2018 as Senior Manager for Project Development; and from April 2018 to February 2020 as Project Development Head for Visayas and North Mindanao. Prior to this, she was with Aboitizland, Inc. from 2002 to 2005 where she held positions in the Accounting Department and ultimately rising to the position of Business Development Manager in March 2013 before leaving the group in September 2014. She was also elected President of the Subdivision and Housing Developers Association, Central Visayas Chapter (SHDA-CV) from 2015 to 2017 and is currently one of the Board of Advisers of SHDA-CV. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Marilou P. Plando, 47, Filipino, is the Assistant Vice-President for Risk Management and Chief Risk Officer of CLI since 2021. Prior to joining CLI, she worked at Aboitiz Equity Ventures, Inc. as its Assistant Vice President - Legal Business Administrator from 2011 to 2016 then as its Assistant Vice President - Enterprise Risk Manager from 2016 to 2018. She also held the position of Regional Operations Director with the Julie's Bakeshop Group from 2018 to 2021. She obtained her Bachelor of Science in Industrial Engineering from the University of San Jose Recoletos in 1997, and her Masters in Business Administration from the Philippine Christian University in 2020. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Atty. Alan C. Fontanosa, 60, Filipino, is the Corporate Secretary of CLI. He is a partner at the law firm, SyCip Salazar Hernandez & Gatmaitan ("SyCip"). He is also the partner in charge of SyCip's Cebu Office. He obtained his undergraduate and law degree from the University of San Carlos and was admitted to the Philippine Bar in 1988. He has extensive legal practice of over 33 years, including the areas of industrial relations and labor litigation, civil and land cases, corporate services and housekeeping, special projects, real estate transactions, sale/disposition of assets, and conducting/supervising due diligence investigation. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Atty. John Edmar G. Garde, 34, Filipino, is the Compliance Officer of CLI. Prior to joining CLI as Legal Counsel and Compliance Officer, he served as Manager/Director in the Business Tax Services of SGV & Co. (Ernst & Young - Philippines) where he assisted domestic and multinational clients from various industries, including real estate, hospitality, business process outsourcing, manufacturing, semiconductor, export, and entities registered with Investment Promotion Agencies such as PEZA and BOI. His areas and fields of practice include taxation (tax advisory services; tax advocacy services; taxation law), investment promotions and incentives law, corporate law and services, and legal and corporate compliance. He graduated *cum laude* from the University of San Carlos with a degree in Bachelor of Science in Management Accounting. He also received his law degree from the same university. He is a Certified Compliance Officer, having garnered the highest rating and certificate of excellence during the 2021 Certification Course for Compliance Officers of the Center for Global Best Practices. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Clarissa Mae A. Cabalda, 33, Filipino, has been the Investor Relations Officer of CLI since April 2017. She is a Certified Public Accountant and a holder of Master of Arts in Economics. She obtained her undergraduate and Master's degree from the University of San Carlos. Prior to joining CLI, she previously worked at AboitizLand for 3 years in Corporate Finance. She has also extensive working experience in finance from reputable companies such as SM Prime Holdings, Inc. and KFC Philippines. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets out the Company's President and CEO and the five most highly compensated senior officers:

Name	Position
Jose R. Soberano III	President & CEO
Ma. Rosario B. Soberano	Treasurer and Executive Vice-President
Jose Franco B. Soberano	COO and Executive Vice-President
Beauregard Grant L. Cheng	Chief Financial Officer
Joanna Marie S. Bergundthal	Senior Vice-President for Marketing and Asst. Treasurer

The following table identifies and summarizes the aggregate compensation of the Company's President & CEO and the five most highly compensated executive officers, and all other officers and directors as a group, for the years ended December 31, 2022, 2021, 2020, and 2019, and the estimated amount for 2023. .

Year	Compensation (₱ in millions)
2022	141,949,540
2021	121,082,068
2020	90,246,704
2019	83,006,173

Each of the executive officers named above executed an employment contract with the Company and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's retirement plan.

No bonuses have been declared for the Board of Directors for the last two years. For the ensuing year, the amount of bonuses to be received by the members of the Board of Directors has yet to be approved by it.

There is no plan or arrangement by which the executive officers will receive from the Company any form of compensation in case of a change in control of the Company or change in the officers' responsibilities following such change in control.

There are no outstanding warrants or options held by the Company's chief executive officer, the named executive officers, and all officers and directors as a group as of the end of 2022.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security Ownership of Record and Beneficial Owners of more than 5% as of December 31, 2022:

Title of Class	**Name, Address of Record Ownership and Relationship with Issuer**	**Stockholder Name**	**No. of Common Shares**	**Percentage (of common shares)**
Common Shares	AB Soberano Holdings Corp., 2877 V. Rama Avenue Guadalupe Cebu City	AB SOBERANO HOLDINGS CORP.	2,288,870,095	66.05%
Common Shares	PCD Nominee Corporation (Filipino) G/F MSE Bldg. Ayala Ave. Makati City	PCD NOMINEE CORP. (FILIPINO)	1,286,472,097	37.13%

(b) Security Ownership of Directors and Management (Executive Officers) as of December 31, 2022:

Directors

Name	Direct	Indirect	Total direct & indirect shares	% to Total Outstanding Shares
Jose R. Soberano III	168,978,250	1,098,657,647	1,267,635,897	36.58%
Ma. Rosario B. Soberano	132,127,500	1,098,657,647	1,230,785,147	35.52%
Jose Franco B. Soberano	20,330,241	22,888,701	43,218,942	1.25%
Joanna Marie B. Soberano-Bergundthal	16,907,191	22,888,701	39,795,892	1.15%
Beauregard Grant L. Cheng	2,453,000		2,453,000	0.07%
Stephen A. Tan	11,150		11,150	0.00%
Ma. Jasmine S. Oporto	8,920		8,920	0.00%
Rufino Luis T. Manotok	2	161,500	161,502	0.00%
Ma. Aurora D. Geotina-Garcia	2		2	0.00%
TOTAL	**340,816,256**	**2,243,254,196**	**2,584,070,452**	**74.57%**

Officers

Name	Direct	Indirect	Total direct & indirect shares	% to Total Outstanding Shares
Larri-Nil G. Veloso	103,000	-	103,000	0.00%
Marilou P. Plando	26,760	-	26,760	0.00%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company and its subsidiaries (the “Group”), in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm’s length basis and at current market prices at the time of the transactions.

These transactions are governed and monitored under a board-approved related party transaction policy (“RPT Policy”) that enforces proper disclosure, approval protocols, and tests of arm’s length standards. CLI employees are also required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

In keeping with CLI’s RPT Policy and Transfer Pricing Policy, the Company declares that all its related party transactions (RPTs) in 2022 were conducted in a fair and at 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 an amount of at least Php 50,000,000.00 or its equivalent are submitted to the RPT Committee for review and pre-approval. CLI's RPT Committee is tasked to review and ensure that these RPTs are conducted at arms' length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances, and 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.

All RPTs breaching the Php 50Mn threshold have been approved by the RPT Committee and CLI Board, and 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. There were no RPTs that breached the 10% Material RPT threshold of the SEC for CY2022.

The amounts of the RPTs and the discussions of the business purposes of the arrangement, identification of the related parties transaction business with CLI and the nature of their relationship, how transaction prices were determined by the parties, and any ongoing contractual or other commitments as a result of the arrangement, are also discussed and disclosed accordingly in CLI's FY2022 Audited Financial Statements *[see: Notes _____ (found on pages _____) and Notes _____ (found on pages ______) of CLI's FY2022 Audited Financial Statements]*.

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

Corporate Governance

CLI is committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines. The Company, its directors, officers, and employees are dedicated in promoting and adhering to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

The evaluation system established by the Company in measuring and determining the level of compliance with its Manual of Corporate Governance includes the conduct of annual board and committee assessments. In adherence with its Manual on Corporate Governance and Board Charter, the Board conducted its annual performance evaluation and assessment which includes 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 accomplishment by the required respondents. CLI's evaluation and assessment utilized a 5-point scale rating system, with zero (0) being the lowest (representing "Strongly Disagree" as a response to the statement), and the highest being 5 (representing "Strongly Agree"). The duly accomplished assessment forms were then reviewed, verified, and tabulated by the Office of the Compliance Officer. 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.

CLI is in full compliance with the Code of Corporate Governance, and continues to undertake measures to comply with the adopted leading practices on good corporate governance. The Board of Directors and management team of CLI have promoted and implemented various principles and recommendations under SEC Memorandum Circular No. 19, series of 2016 (otherwise, 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 by CLI through its comprehensive Integrated Annual Corporate Governance Reports (I-ACGRs) which are submitted to the SEC, uploaded to PSE EDGE, and posted in CLI's website. CLI's improved and enhanced I-ACGRs continue to provide a clear and succinct picture of its compliances with the recommended principles and best practices in corporate governance, at par, if not exceeding industry standards.

Independent Directors

In compliance with the requirements of the SRC and SEC's CG Code for PLCs, the Board of Directors is composed of three (3) 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 hold 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 of their respective Board and Committee meetings in 2022.

Pursuant to CLI's CG Manual and policy on setting a limit of Board seats, non-executive directors, including independent directors, can only concurrently serve up to a maximum of five (5) publicly-listed companies. As of the calendar year ending 31 December 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 5 or more publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge management's proposals, and views, and oversee the long-term strategy of CLI.

Compliance Officer

CLI has a formal compliance function in place. This is subject to regular review and evaluation as spearheaded by a Compliance Officer.

CLI, through its Compliance Officer, monitors, reviews, evaluates, and ensures the 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.

As part of its compliance program, CLI, through its Compliance Officer, has in place a detailed checklist and monitoring of compliance and regulatory requirements based on existing laws, 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 to the Board Corporate Governance Committee updates on CLI's corporate governance and compliance functions, including the various compliance and submission requirements to the various government agencies which are applicable during the reporting period. The Compliance Officer also assists the Board and the Corporate Governance Committee in dispensing its overall compliance function, including the drafting and review of corporate governance policies.

During its organizational meeting held on 07 June 2022, the Board re-elected Atty. John Edmar G. Garde, CCO 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 and not to its Chairman or President. For the description of the educational and professional background of Atty. John Edmar G. Garde, please refer to the discussion set out under the section "Executive Officers and Key Personnel".

Corporate Secretary

The CLI Board is assisted by a Corporate Secretary and an assistant, who are both separate individuals from the Compliance Officer. The Corporate Secretary and Assistant Corporate Secretary are not members of the CLI Board. Materials for Board and Committee meetings are distributed by the Secretariat to the directors and respective committee members prior to 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.

During its organizational meeting on 07 June 2022, the Board re-elected Atty. Alan C. Fontanosa as CLI's Corporate Secretary. For the description of the educational and professional background of Atty. Alan C. Fontanosa, please refer to the discussion set out under the section "Executive Officers and Key Personnel".

CLI's Assistant Corporate Secretary is Atty. Larri-Nil G. Veloso. For the description of the educational and professional background of Atty. Larri-Nil G. Veloso, please refer to the discussion set out under the section "Executive Officers and Key Personnel".

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

Chief Audit Officer

For CY2022, CLI's Head of the Internal Audit Department is the *ex officio* Chief Audit Executive in the person of Marjorie Jane C. Sistual. She has more than fifteen (15) years of internal audit experience. She previously worked in Waterfront Cebu City Hotel & Casino with 5 chain of hotels in various parts of the Philippines, wherein she headed the Corporate Internal Audit Department (CIAD) and focused on fraud and compliance audit. She also joined Moore Stephens Ltd in Singapore for more than ten (10) years where she was involved in internal audit, consultancy, risk management and SOX engagements. She has experience in a wide range of industries including hotels, shipping, oil & gas, real estate, engineering, semi-conductor, manufacturing, insurance, logistics, hospitals, non-profit organization, plantations & mill, trading & distribution and retailing. Prior to CLI, she worked in Agusan Plantations, Inc. and was involved in internal audit of the 4 operating units of palm oil plantations and mill, mainly for exporting of palm kernel oil and crude palm oil products.

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

Resolving Stockholders' Disputes

It is the policy of CLI to resolve disputes or differences with stockholders, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation, or arbitration.

Stockholders who have matters for discussion or concerns directly resulting in the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.

Committees of the Board

The CLI Board has fully engaged and functioning board committees which support the effective performance of the Board's functions. CLI's principal board committees include the Audit Committee, Corporate Governance Committee, Related Party Transaction Committee, Risk Oversight Committee, Nomination Committee, and the Compensation and Benefits Committee. All established CLI Committees have their respective committee charters, which state in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information. A brief description of the functions and responsibilities of the key committees are set out below:

A. Audit Committee

The Audit Committee assists the Board in the performance and fulfillment of its oversight responsibility over CLI's financial reporting process, system of internal control, internal and external audit processes, and monitoring of compliance with applicable laws, rules, and regulations. The Audit Committee has oversight over the internal audit team's work and is primarily responsible in 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 changed every five (5) years.

In compliance thereto, and commencing with the audit of CLI's FY2021 financial statements, and the current audit of its FY2022 financial statements, 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.

The Audit Committee also evaluates and determines the non-audit work, if any, of the external auditor. It approves all non-audit services conducted by the external auditor and disallows the same if it will conflict with its duties as external auditor or will otherwise pose a threat to 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):

· Audit and Audit Related Fees	Php	3,310,657.61
· Non-audit fees		Nil
TOTAL fees paid to P&A (FY2022)	**Php**	**3,310,657.61**

For the 2022-2023 term, CLI's Audit Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. All the members of the Audit Committee have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing, and finance. Ma. Aurora D. Geotina-Garcia, the Chairperson of the CLI Audit Committee, is not the Chairman / Chairperson of the CLI Board or of any other committee.

The Audit Committee shall perform the following functions, among others:

1. Assists the Board in the performance of its oversight responsibility over CLI's financial reporting process, system of internal control, internal and external audit process, and monitoring of compliance with applicable laws, rules and regulations.

2. Recommends the approval of CLI's Internal Audit Charter ("IA Charter"), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter, as may be amended from time to time;

3. Through the Internal Audit ("IA") Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets.

4. Oversees CLI's IA Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Officer. The Audit Committee shall approve the terms and conditions for outsourcing internal audit services, if deemed necessary;

5. Establishes and identifies the reporting line of the internal auditors and IA Department to enable them to properly fulfill their duties and responsibilities. For this purpose, the internal auditors and IA Department directly report to the Audit Committee;

6. Reviews and monitors management's responsiveness to the internal auditors' findings and recommendations;

7. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

8. Evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.

9. Reviews and approves the interim and annual financial statements before their submission to the Board.

10. Reviews the disposition of the recommendations in the external auditor's management letter;

11. Performs oversight functions over the Company's internal and external auditors. It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions, taking into consideration relevant Philippine professional and regulatory requirements;

12. Coordinates, monitors and facilitates compliance with laws, rules and regulations; and

13. Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the SEC, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

B. 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 CG Committee is composed of four (4) 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. Prior to 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, Health and Safety Management System Auditor. Ms. Alejandria is a Certified Sustainability Reporting Specialist and Certified Sustainability Assurance Practitioner.

The Corporate Governance Committee shall perform the following functions, among others:

1. Overseeing the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to

the Company's size, complexity and business strategy, as well as its business and regulatory environments;

2. Overseeing the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

3. Ensuring that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

4. Recommending continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;

5. Adopting corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;

6. Proposing and planning relevant trainings for the members of the Board; and

7. Establishing a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.

C. 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 provides guidance to 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 is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. The members of the Risk Oversight Committee, who are all experienced executives and who have held various key positions in other publicly listed companies, all have relevant thorough knowledge and experience on risk and 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 Risk Oversight Committee is supported in its function by Chief Risk Officer (CRO), Marilou P. Plando, who has over 24 years of comprehensive experience and achievements in manufacturing, contact center, and retail operations. Prior to CLI, she was connected with Julie's Bakeshop Group as Regional Operations Director. She was previously connected with Aboitiz Equity Ventures, Inc. as Assistant Vice-President (AVP) for Enterprise Risk Management and AVP for Legal Business operations.

D. Related Party Transaction Committee

CLI's Related Party Transaction (RPT) Committee is 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 discloses its policies governing RPTs and other unusual or infrequently occurring transactions in CLI's Manual on Corporate Governance. Also, CLI has an existing RPT Policy which sets out the guidelines, categories, and thresholds that will govern the review, approval, or ratification of RPTs by the Board and/or CLI shareholders and ensure that these RPTs are duly accounted for and disclosed in accordance with relevant laws and regulations. As also stipulated in CLI's Manual on Corporate Governance, directors with material interest in a transaction affecting the Company and in other conflict of interest situations (actual or potential) are required to fully and immediately disclose the same and are mandated to abstain from taking part in their deliberations.

The CLI Board has a fully functioning Related Party Transaction (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 review and evaluation of CLI's related-party transactions. Management presents the various RPTs either for information (if not breaching the threshold) or for approval (if breaching the RPT thresholds), which are then endorsed for ratification and/or approval by the Board.

For the 2022-2023 term, CLI's RPT Committee is composed of four (4) qualified non-executive directors, three (3) 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 of any other committee.

E. Nomination Committee

The Nomination Committee is responsible for the nomination and vetting of prospective nominee directors for the CLI Board. The Nomination Committee enforces and implements CLI's formal and transparent nomination and election policy, which includes criteria in selecting new directors and nomination 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 is composed of three (3) qualified directors, including the Lead Independent Director, Mr. Rufino Luis T. Manotok, as the Chairperson.

F. Compensation and Benefits Committee

The recently established Compensation and Benefits Committee directly assists the Board in relation to the determination of the general principles and structure in the rationalization of 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 is composed of three (3) qualified directors including its Non-Executive Director, Mr. Stephen Tan, as the Chairperson.

G. Penalties for Non-compliance with the Manual on Corporate Governance

In case of violation of any of the provisions of the Manual on Corporate Governance, the following penalties shall be imposed, after due notice and hearing, on the Company's directors, officers, and employees:

1. First Violation – reprimand;
2. Second Violation –suspension from office, the duration of which shall depend on the gravity of the violation; and
3. Third Violation – removal from office.

The Compliance Officer shall be responsible in determining violation/s after due notice and hearing, and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

PART V – EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS

The schedules required by SRC Rule 68 be presented is included/shown in the related consolidated financial statements or in the notes thereto.

ITEM 15. REPORTS ON SEC FORM 17-C

CLI has submitted and filed all necessary SEC Form 17-C (Current Reports). All current reports are published and uploaded to the PSE Electronic Disclosure Generation Technology (EDGE) portal and/or submitted to the Information & Communications Technology Department (ICTD) electronic mail address of the SEC.

The following is a summary of the current reports filed by CLI during calendar year 2022:

UNSTRUCTURED DISCLOSURES

- CLI posts record high P16.5 Billion reservation sales, up 16% year-on-year
- Declaration of Special Cash Dividend
- Declaration of Regular Cash Dividend
- CLI sells out first Davao Global Township residential towers worth Php 4.068 B in 4 days
- FY2021 Investors'/ Analysts' Briefing scheduled on April 7, 2022 at 10:00 AM.
- ANNUAL STOCKHOLDERS' MEETING FY2022
- Resolutions made during the CLI Regular BOD meeting held on March 29, 2022
- Cebu Landmasters net income up 42% to Php 2.61 billion, surpassing pre-pandemic performance by 30%
- FY 2021 CLI INVESTORS' & ANALYSTS' BRIEFING

- ANNUAL STOCKHOLDERS' MEETING FY2022
- Grant and transfer of CLI shares sourced from treasury shares pursuant to the CLI Executive Stock Option Plan (ESOP).
- Tax Memo on CLI Cash Dividend Payable on May 17, 2022
- CLI expands to Eastern Visayas with Casa Mira Homes Ormoc
- Q12022 Investors'/ Analysts' Briefing scheduled on May 16, 2022 at 10:00 AM.
- Cebu Landmasters posts stellar Q1 2022 growth, revenue up 53% y-o-y
- Approval of the ANNUAL STOCKHOLDERS' MEETING FY2022
- Integrated Annual Corporate Governance Report
- CLI set to break performance records with 21 new projects in 2022
- CLI ANNUAL STOCKHOLDERS' MEETING
- Results of the Organizational Meeting of the Board of Directors
- CLI approves up to P8-B maiden retail bond issuance
- CLI files with SEC a Registration Statement for the Shelf Registration of Php15 billion Fixed Rate Bonds
- Cebu Landmasters Inc's Maiden Bond Issue of up to P8 billion Assigned a Very Strong Credit Rating
- Davao Global Township is formally inaugurated, completes site development in just 2 years
- H12022 Investors'/ Analysts' Briefing scheduled on August 12, 2022 at 10:30 AM.
- CLI approves an amendment to its maiden bond issue from a base offer of Php5bn with an oversubscription of Php3bn to now a base of Php8bn
- Cebu Landmasters sustain growth momentum with record 1.55B H1 Net Income, up 40% yoy
- H1 2022 CLI Investors' & Analysts' briefing
- SEC 17-C Pre-effective approval
- Clarification of News Report
- CLI sells out Calle 104, a two-tower upscale residential project in record 3 day
- CLI Finalized Fixed Rate Bond Issue to Php5 Billion

- Cebu Landmasters receives Permit to Sell from the Securities and Exchange Commission for its maiden P5bn retail bond Issuance

- Cebu Landmasters first project in Puerto Princesa 85% sold in less than a week

- Cebu Landmasters lists Php5 billion bonds on PDEx to fuel expansion

- CLI introduces a new immersive mountain resort in Balamban, Cebu

- CLI's 9-month income surges 34% year-on-year, set to exceed year-end targets again

- Resolutions approved during the CLI Regular BOD meeting held on December 6, 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this
report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _________________________on__________, 20__.

By:

Jose R. Soberano III
President & CEO

Ma. Rosario B. Soberano
Executive VP & Treasurer

Jose Franco B. Soberano
Executive VP and Chief Operating Officer

Beauregard Grant L. Cheng
Chief Financial Officer

Atty. Larri-Nil Veloso
Assistant Corporate Secretary

Connie N. Guieb
VP-Accounting & Finance/ Controller

SUBSCRIBED AND SWORN to before me this _____ day of 13 APR 2023 20__ affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
Jose R. Soberano III	P6678430B	APRIL 21, 2021	Cebu City, Philippines
Ma. Rosario B. Soberano	P6678357B	APRIL 21, 2021	Cebu City, Philippines
Beauregard Grant L. Cheng	P2730987B	AUG. 07, 2019	Manila, Philippines
Jose Franco B. Soberano	P8869098B	FEB. 8, 2022	Manila, Philippines
Connie N. Guieb	DL: G01-95-197776	N/A	N/A
Atty. Larri-Nil Veloso	DL: G01-03-001207	N/A	N/A

DOC NO. 49
PAGE NO. 11
BOOK NO. 1
SERIES OF 2023

ATTY. EDELINE O. COSICOL
ROLL NO. 82445
NOTARY PUBLIC
CEBU CITY, PHILIPPINES

ATTY. EDELINE O. COSICOL
Notary Public
Notarial Commission No. 040-23, Cebu City
Valid until December 31, 2024
Roll of Attorneys No. 82445
MCLE Compliance No. VIII-0000258, issued on 08-30-2022
PTR No. 1023144 ; 12-07-2022, Cebu
IBP No. 242099 ; 12-08-2022; Cebu Chapter
19th Flr. Park Centrale Tower, J.M. Del Mar St.,
Cebu I.T. Park, Apas, Cebu City

CEBU LANDMASTERS
We Build with You in Mind

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Cebu Landmasters, Inc. and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, **for the years ended December 31, 2022, 2021 and 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

JOSE R. SOBERANO III
Chairman of the Board and Chief Executive Officer
TIN# 108-729-320-000

BEAUREGARD GRANT L. CHENG
Chief Financial Officer
TIN# 205-557-510-000

Signed this _____ day of 28 MAR 2023

SUBSCRIBED AND SWORN to before me this 28 MAR 2023 at Cebu City, affiants exhibiting to me their respective Tax Identification Nos.

Doc. No. 13;
Page No. 4;
Book No. 1;
Series of 2023

ATTY. EDELINE O. COSICOL
Notary Public
Notarial Commission No. 040-23, Cebu City
Valid until December 31, 2024
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IBP No. 242099 ; 12-08-2022; Cebu Chapter

10th Floor, Park Centrale, J.M. del Mar St., Cebu I.T. Park, Apas, Cebu City
Tel. No. (032) 231 - 4914 & (032) 231 - 4870 or Telefax (032) 231 - 5073

P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Cebu Landmasters, Inc. and Subsidiaries

December 31, 2022, 2021 and 2020

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										
	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	Non-controlling Interests (See Note 27)	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	**P 15,812,551,256**	P 11,193,838,265	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**	P 11,162,170,684	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**	P 1,845,467,300
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 2022	2021	2020	Consolidated Statements of Comprehensive Income 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.

	Note	Amount of Transaction			Outstanding Balance	
		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 2022	Shares 2021	Amount 2022	Amount 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**	P1,467,120,104
Non-current Assets	**26,757,666**	111,356,246
Total assets	**P 977,884,041**	P1,578,476,350
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**	P1,091,880,716
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	**P 1,150,638,261**	P 1,086,866,243
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.

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	**P 1,439,170,717**	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.

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					
	High grade	**Standard grade**	**Unrated**	**Past due but not impaired**	**Individually 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					
	High grade	Standard grade	Unrated	Past due but not impaired	Individually 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.

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

The Board of Directors and Stockholders
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 compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. 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**

Cebu Landmasters, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2022

				Deductions		Ending Balance		
Name and designation of debtor	*Balance at beginning of period*	*Additions*	*Reclassification*	*Amounts collected*	*Amounts Written off*	*Current**	*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*

Cebu Landmasters, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2022

				Deductions				
Name and Designation of debtor	*Balance at beginning of period*	*Additions*	*Reclassification*	*Amounts collected*	*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*

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**			

Cebu Landmasters, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties
December 31, 2022

Name of related party	*Balance at beginning of period*	*Balance at end of period*

NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	*Title of issue of each class of securities guaranteed*	*Total amount guaranteed and outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2022

				Number of shares held by		
Title of Issue	***Number of shares authorized***	***Number of shares issued and outstanding as shown under the related Statement of Financial Position caption***	***Number of shares reserved for options, warrants, coversion and other rights***	***Related parties***	***Directors, officers and employees***	***Others***
Common shares - P1 par value						
Authorized	10,000,000,000					
Issued and outstanding		3,465,201,467	158,250,530	2,267,130,595	48,502,500	1,149,568,372
Preferred Shares - P0.10 par value						
Authorized	1,000,000,000					
Issued and outstanding		-	-	-	-	-

CEBU LANDMASTERS, INC. AND SUBSIDIARIES

Map Showing the Relationship Between and Among the Company and its Ultimate Parent, Subsidiaries, and Associates

December 31, 2022

- **A B Soberano Holdings Corp.** — Ultimate Parent Company
  - 58.02% **Cebu Landmasters, Inc.** — Parent Company
    - 100% **A.S. Fortuna Property Ventures, Inc.** — Subsidiary
    - 100% **Cebu Landmasters Property Management, Inc.** — Subsidiary
    - 100% **CLI Premier Hotels Int'l. Inc.** — Subsidiary
    - 100% **CLI Hotels and Resorts Inc.** — Subsidiary
    - 88% **CLI-LITE Panglao, Inc.** — Subsidiary
    - 78% **Ming-mori Development Corporation** — Subsidiary
    - 64% **Sugbo Prime Estate, Inc.** — Subsidiary
    - 50% **CCLI Premier Hotels, Inc.** — Subsidiary
    - 50% **Cebu Homegrown Developers, Inc.** — Subsidiary
    - 50% **Cebu BL-Ramos Ventures Inc.** — Subsidiary
    - 50% **Yuson Huang Excellence Soberano, Inc.** — Subsidiary
      - 50% **YHES Premier Hotels, Inc.** — Subsidiary
    - 50% **Yuson Excellence Soberano, Inc.** — Subsidiary
    - 50% **GGTT Realty Corporation** — Subsidiary
    - 50% **BL CBP Ventures, Inc.** — Subsidiary
    - 50% **YHEST Realty and Development Corporation** — Subsidiary
    - 45% **Magspeak Nature Park, Inc.** — Subsidiary
    - 35% **El Camino Developers Cebu, Inc.** — Subsidiary
    - 33% **Magspeak Nature Park, Inc.** — Associate
    - 25% **ICOM Air Corporation** — Associate

CEBU LANDMASTERS, INC.
(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
Reconciliation of Retained Earnings Available for Dividend Declaration
as of December 31, 2022
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year		P 6,280,269,150
Prior Year's Outstanding Reconciling Items, net of tax		
Treasury stock, at cost		(732,664,604)
Share in profit of subsidiaries and associates		(672,423,198)
Gain on remeasurement of investment in associates		(32,438,511)
Unappropriated Retained Earnings Available for Dividend declaration at beginning of Year, as Adjusted		4,842,742,837
Net Profit Realized during the Year	P 3,205,817,635	
Share in profit of subsidiaries and associates	(430,697,764)	2,775,119,871
Other Transactions During the Year		
Appropriation of retained earnings	(3,931,475,893)	
Release of appropriated retained earnings	172,049,912	
Cash dividend declared	(519,780,221)	(4,279,206,202)
Unappropriated Retained Earnings Available for Dividend declaration at end of Year		**P 3,338,656,506**

P&A Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

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

T +63 2 8988 2288

The Board of Directors and Stockholders
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) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 3, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

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.)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022 and 2021
(Amounts in Philippine Pesos)

Ratio	Formula	2022	Formula	2021
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 44,654,777,532 Divide by: Total Current Liabilities 27,743,683,313 Current Ratio 1.61	1.61	Total Current Assets divided by Total Current Liabilities Total Current Assets 37,002,075,676 Divide by: Total Current Liabilities 22,163,706,708 Current Ratio 1.67	1.67
Acid test ratio	Quick assets (Cash and cash equivalents plus Current Receivables and Current Contract Assets and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents 1,434,559,762 Add: Current Receivables 3,571,775,532 Current Contract Assets 16,208,926,784 Due from Related Parties 35,802,341 Quick Assets 21,251,064,419 Divide by: Total Current Liabilities 27,743,683,313 Acid test ratio 0.77	0.77	Quick assets (Cash and cash equivalents plus Current Receivables and Current Contract Assets and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents 1,095,821,916 Add: Current Receivables 5,844,643,647 Current Contract Assets 6,558,006,000 Due from Related Parties 57,434,271 Quick Assets 13,555,905,834 Divide by: Total Current Liabilities 22,163,706,708 Acid test ratio 0.61	0.61
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities 64,032,254,131 Divide by: Total Assets 85,044,869,024 Solvency ratio 0.75	0.75	Total Liabilities divided by Total Assets Total Liabilities 48,719,923,909 Divide by: Total Assets 66,652,105,433 Solvency ratio 0.73	0.73
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 64,032,254,131 Divide by: Total Equity 21,012,614,893 Debt-to-equity ratio 3.05	3.05	Total Liabilities divided by Total Equity Total Liabilities 48,719,923,909 Divide by: Total Equity 17,932,181,524 Debt-to-equity ratio 2.72	2.72
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 85,044,869,024 Divide by: Total Equity 21,012,614,893 Assets-to-equity ratio 4.05	4.05	Total Assets divided by Total Equity Total Assets 66,652,105,433 Divide by: Total Equity 17,932,181,524 Assets-to-equity ratio 3.72	3.72
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax 4,767,604,383 Add: Interest charged to: Cost of Sales 460,629,194 Finance cost 274,920,150 EBIT 5,503,153,727 Divide by: Interest Expense* 1,996,397,360 Interest rate coverage ratio 2.76 **Includes 1,721,477,210 interest capitalized as part of real estate inventory, property and equipment, and investment property*	2.76	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax 3,103,590,661 Add: Interest charged to: Cost of Sales 307,427,540 Finance cost 180,676,863 EBIT 3,591,695,064 Divide by: Interest Expense* 1,406,293,482 Interest rate coverage ratio 2.55 **Includes 1,225,616,619 interest capitalized as part of real estate inventory and investment property*	2.55
Return on equity	Net Profit divided by Total Ave. Equity Net Profit 3,607,891,146 Divide by: Total Ave. Equity 19,472,398,209 Return on equity 19%	19%	Net Profit divided by Total Ave. Equity Net Profit 2,670,871,617 Divide by: Total Ave. Equity 16,729,711,491 Return on equity 16%	16%
Return on assets	Net Profit divided by Total Ave. Assets Net Profit 3,607,891,146 Divide by: Total Ave. Assets 75,848,487,229 Return on assets 5%	5%	Net Profit divided by Total Ave. Assets Net Profit 2,670,871,617 Divide by: Total Ave. Assets 58,371,303,438 Return on assets 5%	5%
Net profit margin	Net Profit divided by Revenues Net Profit 3,607,891,146 Divide by: Total Revenue 15,657,298,003 Return on assets 23%	23%	Net Profit divided by Revenues Net Profit 2,670,871,617 Divide by: Total Revenue 11,162,170,684 Return on assets 24%	24%
Other ratio				
Gross profit margin	Gross Profit divided by Total Revenue Gross Profit 7,289,662,454 Divide by: Total Revenue 15,657,298,003 Gross profit margin 47%	47%	Gross Profit divided by Total Revenue Gross Profit 5,189,881,020 Divide by: Total Revenue 11,162,170,684 Gross profit margin 46%	46%

Gmail

Mark Anthony Yu <myucliacctg@gmail.com>

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1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, Apr 17, 2023 at 4:50 PM
To: MYUCLIACCTG@gmail.com
Cc: MYUCLIACCTG@gmail.com

Hi CEBU LANDMASTERS INC,

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Transaction Code: **AFS-0-9D87HFJL0NXVPVRV2Q24W1NRZ04XZPYM1W**
Submission Date/Time: **Apr 17, 2023 04:50 PM**
Company TIN: **227-599-320**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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P&A Grant Thornton

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Cebu Landmasters, Inc.

December 31, 2022, 2021 and 2020

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.
(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, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cebu Landmasters, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, as modified by the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: 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.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes		2022		2021
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**P**	**465,354,066**	P	333,090,459
Receivables	5		**2,497,006,115**		3,858,553,483
Contract assets	17		**14,063,209,951**		4,197,781,332
Due from related parties	25		**1,481,499,405**		1,009,485,690
Real estate inventories	6		**8,591,824,122**		9,948,060,927
Deposits on land for future development	7		**121,996,729**		-
Prepayments and other current assets	8		**2,802,500,412**		3,165,580,633
Total Current Assets			**30,023,390,800**		22,512,552,524
NON-CURRENT ASSETS					
Receivables	5		**106,500,219**		161,127,276
Contract assets	17		**11,323,558,221**		12,058,377,792
Investments in subsidiaries and associates	9		**6,865,126,687**		5,878,006,728
Property and equipment - net	10		**4,076,726,251**		393,883,159
Right-of-use assets - net	11		**910,749,954**		880,257,377
Investment properties - net	12		**9,937,376,563**		6,278,133,219
Other non-current assets - net	13		**797,003,684**		385,106,174
Total Non-current Assets			**34,017,041,579**		26,034,891,725
TOTAL ASSETS		**P**	**64,040,432,379**	P	48,547,444,249
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14	**P**	**7,521,349,177**	P	7,529,549,385
Trade and other payables	16		**12,202,834,640**		7,804,074,512
Contract liabilities	17		**289,366,657**		353,200,147
Customers' deposits	17		**76,996,569**		57,469,700
Total Current Liabilities			**20,090,547,043**		15,744,293,744
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14		**21,932,094,231**		19,380,660,006
Bonds payable	15		**4,930,582,631**		-
Lease liabilities	11		**948,091,184**		834,573,823
Trade and other payables	16		**176,234,971**		142,482,853
Post-employment defined benefit obligation	23		**9,390,095**		4,753,329
Deferred tax liabilities - net	24		**2,333,833,716**		1,517,640,834
Total Non-current Liabilities			**30,330,226,828**		21,880,110,845
Total Liabilities			**50,420,773,871**		37,624,404,589
EQUITY	26				
Capital stock			**3,623,451,997**		3,623,451,997
Additional paid-in capital			**1,608,917,974**		1,608,917,974
Share options outstanding			**2,195,991**		-
Treasury stock, at cost		**(**	**732,664,604)**	(	748,171,901)
Revaluation reserves - net		**(**	**13,910,501)**	(	13,477,472)
Retained earnings			**9,131,667,651**		6,452,319,062
Total Equity			**13,619,658,508**		10,923,039,660
TOTAL LIABILITIES AND EQUITY		**P**	**64,040,432,379**	P	48,547,444,249

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
REVENUES	17			
Sale of real estates		**P 11,628,922,857**	P 9,399,697,717	P 6,518,964,748
Rental		**75,752,573**	67,989,495	61,528,393
Management fees		**141,931,941**	110,519,689	58,390,712
		11,846,607,371	9,578,206,901	6,638,883,853
COST OF SALES AND SERVICES	18, 19	**(6,302,292,611)**	(4,839,619,063)	(3,353,969,666)
GROSS PROFIT		**5,544,314,760**	4,738,587,838	3,284,914,187
OPERATING EXPENSES	19	**(1,869,225,902)**	(1,631,230,305)	(1,053,445,876)
OTHER OPERATING INCOME	20	**158,898,108**	206,723,560	52,800,123
OPERATING PROFIT		**3,833,986,966**	3,314,081,093	2,284,268,434
SHARE IN NET PROFIT OF SUBSIDIARIES AND ASSOCIATES	9	**430,697,764**	24,587,593	149,794,695
FINANCE COSTS	22	**(265,764,622)**	(153,469,616)	(65,579,462)
FINANCE INCOME	21	**70,675,962**	30,505,137	44,847,361
OTHER LOSSES - Net	20	**(6,252,156)**	(90,966,879)	(685,956)
PROFIT BEFORE TAX		**4,063,343,914**	3,124,737,328	2,412,645,072
TAX EXPENSE	24	**(857,526,279)**	(520,938,437)	(546,670,500)
NET PROFIT		**P 3,205,817,635**	P 2,603,798,891	P 1,865,974,572

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
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 3,205,817,635**	P 2,603,798,891	P 1,865,974,572
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of post-employment defined benefit plan	23	**(577,372)**	435,092	(8,991,642)
Tax income (expense)	24	**144,343**	(1,029,189)	2,697,492
Other Comprehensive Loss - Net of tax		**(433,029)**	(594,097)	(6,294,150)
TOTAL COMPREHENSIVE INCOME		**P 3,205,384,606**	P 2,603,204,794	P 1,859,680,422

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Note	Capital Stock	Additional Paid-in Capital	Share Options Outstanding	Treasury Stock, at Cost	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Total
Balance at January 1, 2022		**P 3,623,451,997**	**P 1,608,917,974**	**P -**	**(P 748,171,901)**	**(P 13,477,472)**	**P 172,049,912**	**P 6,280,269,150**	**P 6,452,319,062**	**P 10,923,039,660**
Transactions with owners:	26									
Cash dividend		**-**	**-**	**-**	**-**	**-**	**-**	**(519,780,221)**	**(519,780,221)**	**(519,780,221)**
Stock option granted		**-**	**-**	**3,005,840**	**-**	**-**	**-**	**-**	**-**	**3,005,840**
Stock option exercised		**-**	**-**	**(809,849)**	**15,507,297**	**-**	**-**	**(6,688,825)**	**(6,688,825)**	**8,008,623**
		-	**-**	**2,195,991**	**15,507,297**	**-**	**-**	**(526,469,046)**	**(526,469,046)**	**(508,765,758)**
Appropriation of retained earnings	26									
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		**-**	**-**	**-**	**-**	**-**	**-**	**3,205,817,635**	**3,205,817,635**	**3,205,817,635**
Other comprehensive loss		**-**	**-**	**-**	**-**	**(433,029)**	**-**	**-**	**-**	**(433,029)**
		-	**-**	**-**	**-**	**(433,029)**	**-**	**3,205,817,635**	**3,205,817,635**	**3,205,384,606**
Balance at December 31, 2022		**P 3,623,451,997**	**P 1,608,917,974**	**P 2,195,991**	**(P 732,664,604)**	**(P 13,910,501)**	**P 3,931,475,893**	**P 5,200,191,758**	**P 9,131,667,651**	**P 13,619,658,508**
Balance at January 1, 2021		P 1,714,000,000	P 1,608,917,974	P -	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,197,217,445	P 6,146,722,068	P 8,723,905,651
Transactions with owners:	26									
Issuance of shares through stock dividend		1,909,451,997	-	-	-	-	-	(1,909,451,997)	(1,909,451,997)	-
Cash dividend		-	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)
Acquisition of treasury stock		-	-	-	(15,320,885)	-	-	-	-	(15,320,885)
		1,909,451,997	-	-	(15,320,885)	-	-	(2,298,201,897)	(2,298,201,897)	(404,070,785)
Reversal of appropriations during the year	26	-	-	-	-	-	(3,777,454,711)	3,777,454,711	-	-
Total comprehensive income for the year:										
Net profit for the year		-	-	-	-	-	-	2,603,798,891	2,603,798,891	2,603,798,891
Other comprehensive loss		-	-	-	-	(594,097)	-	-	-	(594,097)
		-	-	-	-	(594,097)	-	2,603,798,891	2,603,798,891	2,603,204,794
Balance at December 31, 2021		P 3,623,451,997	P 1,608,917,974	P -	(P 748,171,901)	(P 13,477,472)	P 172,049,912	P 6,280,269,150	P 6,452,319,062	P 10,923,039,660

	Note	Capital Stock	Additional Paid-in Capital	Share Options Outstanding	Treasury Stock, at Cost	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Total
Balance at January 1, 2020		P 1,714,000,000	P 1,608,917,974	P -	(P 247,193,811)	(P 6,589,225)	P 3,050,000,000	P 1,645,542,496	P 4,695,542,496	P 7,764,677,434
Transactions with owners:	26									
Acquisition of treasury stock		-	-	-	(485,657,205)	-	-	-	-	(485,657,205)
Cash dividend		-	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)
		-	-	-	(485,657,205)	-	-	(414,795,000)	(414,795,000)	(900,452,205)
Appropriation for the year	26									
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		-	-	-	-	-	-	1,865,974,572	1,865,974,572	1,865,974,572
Other comprehensive loss		-	-	-	-	(6,294,150)	-	-	-	(6,294,150)
		-	-	-	-	(6,294,150)	-	1,865,974,572	1,865,974,572	1,859,680,422
Balance at December 31, 2020		P 1,714,000,000	P 1,608,917,974	P -	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,197,217,445	P 6,146,722,068	P 8,723,905,651

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
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 4,063,343,914	P 3,124,737,328	P 2,412,645,072
Adjustments for:				
Share in net profit of subsidiaries and associates	9	(430,697,764)	(24,587,593)	(149,794,695)
Interest expense on interest-bearing loans and borrowings	22	188,308,333	100,246,234	8,677,442
Depreciation and amortization	19	115,405,442	102,154,493	91,358,352
Interest income on banks and advances to related parties	21	(70,675,962)	(29,344,200)	(13,840,200)
Interest expense on lease liabilities	22	61,205,859	52,757,989	56,727,264
Interest expense on bonds	22	15,444,620	-	-
Share option benefits expense	23, 26	3,005,840	-	-
Loss on disposal of property and equipment - net	20	128,364	16,577	-
Operating profit before working capital changes		3,945,468,646	3,325,980,828	2,405,773,235
Decrease in receivables		1,416,174,425	730,401,253	1,075,813,783
Increase in contract assets		(9,130,609,048)	(6,785,502,849)	(5,263,600,977)
Decrease in real estate inventories		2,362,573,519	122,960,973	441,661,946
Increase in deposits on land for future development		(121,996,729)	(376,327,882)	(677,234,005)
Decrease (increase) in prepayments and other current assets		498,698,775	(1,174,101,494)	(253,494,359)
Decrease (increase) in other non-current assets		(417,664,812)	41,354,133	(271,102,327)
Increase in trade and other payables		2,518,197,107	2,435,396,433	1,945,623,105
Decrease in contract liabilities		(63,833,490)	(8,520,478)	(24,638,820)
Increase (decrease) in customers' deposits		19,526,869	(33,782,415)	56,538,698
Increase (decrease) in post-employment defined benefit obligation		4,059,395	4,567,238	(2,446,874)
Cash generated from (used in) operations		1,030,594,657	(1,717,574,260)	(567,106,595)
Cash paid for taxes		(176,807,609)	(91,100,985)	(107,386,967)
Net Cash From (Used in) Operating Activities		853,787,048	(1,808,675,245)	(674,493,562)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of investment properties	12	(3,989,896,837)	(2,389,976,164)	(1,977,270,448)
Acquisitions of property and equipment	10	(1,014,909,274)	(86,121,567)	(123,134,453)
Acquisitions of equity interest in subsidiaries and associates	9	(650,822,195)	(1,303,891,928)	(1,106,003,518)
Advances to related parties	25	(625,983,003)	(800,124,927)	(302,555,425)
Collections of advances to related parties	25	153,969,288	118,069,803	1,044,613
Dividends received	9	94,400,000	72,000,000	45,800,000
Interest received		70,675,962	29,344,200	13,840,200
Acquisitions of computer software	13	(3,064,324)	(10,242,943)	(8,960,023)
Proceeds from disposal of property and equipment		786,310	567,519	-
Net Cash Used in Investing Activities		(5,964,844,073)	(4,370,376,007)	(3,457,239,054)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of interest-bearing loans and borrowings - net	14, 32	9,978,618,073	12,999,276,695	11,389,408,689
Repayments of interest-bearing loans and borrowings	14, 32	(7,524,170,278)	(5,288,736,576)	(5,369,429,420)
Proceeds from issuances of bonds - net	15, 32	4,926,627,631	-	-
Interest paid on interest-bearing loans and borrowings		(1,546,828,245)	(1,210,229,172)	(956,361,706)
Cash dividends paid	26	(519,780,221)	(388,749,900)	(414,795,000)
Interest paid on bonds		(78,592,408)	-	-
Proceeds from reissuance of treasury stock	26	8,008,623	-	-
Interest paid on lease liabilities	11, 32	(562,543)	(5,452,222)	(56,727,264)
Acquisition of treasury stock	26	-	(15,320,885)	(485,657,205)
Repayments of lease liabilities		-	-	(103,564,542)
Net Cash From Financing Activities		5,243,320,632	6,090,787,940	4,002,873,552
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		132,263,607	(88,263,312)	(128,859,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		333,090,459	421,353,771	550,212,835
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 465,354,066	P 333,090,459	P 421,353,771

Supplemental Information for Non-cash Operating, Investing and Financing Activities:

1) The Company recognized right-of-use assets and lease liabilities amounting to P52.9 million in 2022 (see Note 11). There were no additions in 2021.

2) In 2022, the Company reclassified investment properties to property and equipment amounting to P1,301.0 million and reclassified real estate inventories to investment properties amounting to P12.6 million while in 2021, the Company reclassified investment properties to property and equipment amounting to P8.0 million and to real estate inventories amounting to P91.8 million (see Notes 6, 10 and 12).

3) In 2022 and 2021, borrowing costs that were capitalized as part of Real Estate Inventories, Property and Equipment and Investment Properties amounted to P1,514,4 million and P1,110.0 million, respectively (see Notes 6, 10, 12, 14 and 15).

4) In 2022 and 2021, the Company recognized unpaid construction costs of P1,914.3 million and P1,115.3 million, respectively, for the construction of Property and Equipment and Investment Properties (see Notes 10 and 12).

See Notes to the Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 General

Cebu Landmasters, Inc. (CLI or the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 26, 2003. The Company is presently engaged in real estate-related activities such as real estate development, sales, leasing and property management. The Company's real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as office projects and retail spaces.

In 2016, A B Soberano Holdings Corp. (ABS), formerly A B Soberano International Corporation, one of the Company's stockholders, assumed control of the Company by acquiring additional 400,000,000 shares of the Company and became its parent company.

On January 6, 2017, the Board of Directors (BOD) approved the Company's application for the registration of 1,714,000,000 of its common stocks 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 of 430,000,000 unissued common stocks of the Company. The Company's shares were listed in the Philippine Stock Exchange on June 2, 2017.

ABS is a holding company and 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 Company's registered office address, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu IT Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

The Company holds ownership interests in the following subsidiaries and associates.

Entities	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%

Forward

Entities	Note	Effective Percentage of Ownership 2022	2021
Subsidiaries			
Yuson Excellence Soberano, Inc. (YES)	(i)	**50%**	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(j)	**50%**	50%
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%

All of the subsidiaries and associates of the Company are incorporated in the Philippines, and except CPM, CPH, YHESPH, CCLI and ICOM are in the same line of business as the Company. 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 in 2022 as a wholly owned subsidiary of the CLI. CHR is engaged in the real estate, and hotel and resorts management. The principal place of business of CHR is located in Cebu City.

(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.

On June 22, 2021, CLI acquired additional 6,379,980 common shares of MDC from nine other stockholders, resulting to an increased ownership interest from 20% to 77.69%. Such acquisition was considered as a business combination achieved in stages, otherwise known as step-up acquisition.

(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, 2021, 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. As at December 31, 2021, YHESPH has yet to start commercial operations.

(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, 2021, 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 Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2022 (including the comparative 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 financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) SEC Financial Reporting Reliefs Availed by the Company

In 2020, the Company has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee (PIC) Question and Answer (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, *Amendment 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 and in the succeeding page are the financial reporting reliefs availed of by the Company, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Company opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

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 Company elected not to defer the IFRIC Agenda Decision, it would have the following impact in the financial statements: • interest expense would have been higher; • cost of real estate inventories would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	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. Had the Company 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 percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Company would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method. This will have a retrospective effect the retained earnings, real estate sales, and profit or loss in 2022 and prior years.	Until December 31, 2023

(c) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents statement of comprehensive income separate from the statement of profit or loss.

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

(d) Functional and Presentation Currency

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

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 *Adoption of Amended PFRS*

(a) Effective in 2022 that are Relevant to the Company

The Company 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
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 Company's 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 Company'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 Company's 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) 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 Company's 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 Company

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Company's financial statements:

(i) PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework* (effective from January 1, 2022)

(ii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are not relevant to the Company:

- 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, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 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 Separate Financial Statements and Investments in Subsidiaries and Associates

These financial statements are prepared as the Company's separate financial statements. It also prepares consolidated financial statements which is available to the public through the disclosures section of the PSE Edge and Company's website.

Subsidiaries are entities over which the Company has control. The Company controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity.

It does a reassessment 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.

An associate is an entity over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture.

Investments in subsidiaries and associates are initially recognized at cost and subsequently accounted for using the equity method.

All subsequent changes to the ownership interest in the equity of subsidiary and associate are recognized on the Company's carrying amount of the investment. Changes resulting from the profit or loss generated by the subsidiary and associate are credited or charged against the equity and is presented as Share in Net Profit (Loss) of Subsidiaries and Associates in the statement of profit or loss. Items that have been directly recognized in the subsidiaries' and associates' equity are recognized in the equity of the Company. Distributions received from the subsidiary and associate are accounted for as reduction from the carrying value of the investment.

When the Company's share of losses in a subsidiary or an associate equals or exceeds its interests in the subsidiary or associate, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.4 Current versus Non-current classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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 Company'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 Company'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 (SPPI) 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 allowance for expected credit losses (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Receivables (excluding Advances to officers and employees), Due from Related Parties and as part of 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 Company assesses and recognizes an allowance for 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 Company 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 Company considers both quantitative and qualitative criteria as further discussed in Note 29.2.

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 Company 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 Company assesses impairment of receivables and contract assets on a collective basis based on shared credit risk characteristics of financial assets. The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company 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 Company 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 Company 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 Costs in the statement of profit or loss.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Financial liabilities are also derecognized when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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 Company 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

This pertains to cost of land and development costs of real estate properties that are being developed, and those that are already available for sale. Interest incurred during the development of the project is capitalized (see Note 2.17).

Cost of real estate property sold before completion of the development is determined based on the actual costs incurred to date.

Real estate inventories 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 of completion and the estimated costs necessary to make the sale.

The effect of revisions in the total project cost estimates is recognized in the year in which these changes become known. Any probable loss from a real estate project is charged to current operations when determined.

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 Company but title over the properties have not yet been transferred to the Company. 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 the Real Estate Inventories or Investment Property account.

The Company present land for future development that are intended for subdivision and condominium for sale under current assets while those that are intended for commercial leasing or with no definite plans as non-current assets in the statement of financial position.

2.8 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company 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 Company beyond one year after the end of the reporting period are classified as part of non-current 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 2.16).

2.9 Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation and amortization, and any impairment in value. 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 2.17).

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
Operating equipment	3-5 years
Furniture and fixtures	2-5 years

Leasehold improvements are amortized over the useful life of the improvements of ten 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 or amortization 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 2.16).

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 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 properties held either to earn rental income or for capital appreciation or for both, 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 cost of construction and capitalized borrowing costs (see Note 2.17).

Investment properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subjected to depreciation. 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 years.

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.17) 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 2.16).

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 financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12 Revenue and Expense Recognition

Revenue of the Company arises mainly from the sale of real estate units, lease of property and rendering of management services. However, lease of property is accounted for separately (see Note 2.13).

The Company follows the five-step process below 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 Company 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 Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1*(b)*. 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 Company and the buyer. When the collectability of the contract price is not yet assured, the cash collections from buyers are accounted as Customers' Deposits which is presented under current liabilities in the statement of financial position.

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 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. 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 statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

Contract assets pertain to rights to consideration in exchange for goods or services that the Company has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.5*(a)(ii)*].

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Incremental costs of obtaining a contract to sell real property to customers 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 2.17).

2.13 Leases

The Company accounts for its leases as follows:

(a) *Company as Lessee*

The Company 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 Company 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 Company;

- the Company 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 Company has the right to direct the use of the identified asset throughout the period of use. The Company 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 Company recognizes a right-of-use asset and a lease liability in the 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 Company, 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 Company 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 Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.16).

On the other hand, the Company 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 Company'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 Company 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 statement of financial position, right-of-use asset and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

(b) Company 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.

2.14 Employee Benefits

The Company 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 Company, 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 Company'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 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 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 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 Company pays fixed contributions into an independent entity (e.g., Social Security System). The Company 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 Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company 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, *Provisions, Contingent Liabilities and Contingent Assets* 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 Company recognizes a liability and an expense for bonuses. The Company 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 statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.15 Share-based Employee Remuneration

The 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 profit or loss with a corresponding credit to Share Options Outstanding account under the Equity section of the 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.

2.16 Impairment of Non-financial Assets

The Company's property and equipment, investment properties, investments in subsidiaries and associates, computer software 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 Company 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 Company'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.

2.17 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.

2.18 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current 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 peri od 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 Company 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 Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.19 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company 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 Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company'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 of 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 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 Company's total assets based on the latest audited 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 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 Company at cost but are not cancelled shares.

Revaluation reserves comprise gains and losses arising from the revaluation of fair value through other comprehensive income financial assets and remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the 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 for specific purpose and are not available for dividend declarations.

2.21 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Company'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 Company assesses the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1*(d)*].

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 Company 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 Company considers the following:

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

The Company determined that its performance obligation is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. 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 Company uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Company 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 Company. The Company 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 2.11 under identification of contract, the Company 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 Company's sale of real estate under pre-completed contracts has variable consideration which is the right of return when a buyer defaulted the equity payments. Moreover, R.A. No. 6552, provides a statutory obligation to the Company 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 installments, 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 Company 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 Company 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 Company's trade and other receivables and contract assets are disclosed in Note 29.2.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the operations.

(g) Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor

The Company 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, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company 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 Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(i) Accounting for Equity in Ownership Interest in Subsidiaries and Associates

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Company evaluates whether control or significant influence exists. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Company was able to demonstrate control over the operations of CLI-LITE and GGTT (since 2021), 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 Company's actual role in the investees' operations. Accordingly, said entities are accounted for as subsidiaries.

(j) Distinguishing Between Business Combination and Asset Acquisition

The 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 Company 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.

(j) *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 27.

3.2 Key Sources of Estimation Uncertainty

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

(a) *Revenue Recognition for Performance Obligations Satisfied Over Time*

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Company measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Company estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and 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 Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(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 Company 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 29.2.

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

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The future realization of the carrying amounts of real estate inventories as presented in Note 6 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 Company's real estate inventories within the next financial reporting period.

Considering the Company'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, Right-of-use Asset and Investment Properties

The Company estimates the useful lives of property and equipment, right-of-use asset and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, right-of-use asset and investment properties are analyzed in Notes 10, 11 and 12 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 2.16). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in 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, especially property and equipment and investment properties, as at December 31, 2022, 2021 and 2020.

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income 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 23.3.

(h) *Fair Value Measurement of Share Options*

The Company 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 26.3 which include, among others, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the 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 26.3.

(i) *Fair Value Measurement for Investment Properties*

Investment properties are measured using the cost model. The fair value of investment property held for rental or capital appreciation disclosed in the financial statements is determined by the Company 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 values of the Company's investment properties as at December 31, 2022 and 2021 are disclosed in Notes 12 and 30.3*(c)*.

4. CASH AND CASH EQUIVALENTS

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

	2022	2021
Cash on hand	**P 2,487,619**	P 2,297,221
Cash in banks	**419,008,956**	288,860,700
Short-term placements	**43,857,491**	41,932,538
	P 465,354,066	P 333,090,459

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 60 to 62 days and earn effective interest ranging from 2.50% to 3.00%, 0.75% to 1.90% and 1.19% to 2.20% per annum for 2022, 2021 and 2020, respectively.

Interest income earned from cash and cash equivalents amounted to P11,881,039, P2,819,951 and P7,379,290 in 2022, 2021 and 2020, respectively, and is presented as part of Finance Income in the statements of profit or loss (see Note 21).

5. RECEIVABLES

This account includes the following:

	Notes	2022	2021
Contract receivables			
Third parties		**P 1,965,297,209**	P3,571,247,723
Related parties	25.4, 25.5	**129,796,291**	125,769,892
Receivable from insurance claims		**142,791,495**	27,571,382
Retention receivable		**106,529,324**	81,429,356
Rent receivable	27.1	**46,369,378**	66,283,466
Charges to contractors and suppliers		**41,212,041**	3,335,238
Advances to officers and employees		**20,582,391**	23,262,286
Receivable from buy-back transactions		**12,394,628**	2,858,469
Management fee receivable		**9,733,183**	8,575,987
Receivables from move in fees		**5,618,942**	4,887,206
Receivable from water income		**4,228,016**	3,490,253
Other receivables		**118,953,436**	100,969,501
		P2,603,506,334	P4,019,680,759

Receivables are presented in the statements of financial position as follows.

	2022	2021
Current	**P 2,497,006,115**	P3,858,553,483
Non-current	**106,500,219**	161,127,276
	P 2,603,506,334	P4,019,680,759

Buyers of real estate properties are given two to three years to complete the amortization of their down payment which ranges from 10% to 20% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the total transaction price is reasonably assured. Generally, full payment by buyers of their equity payments is made within 24 to 36 months following the recognition of sale which is then followed by full settlement by the buyer's chosen financing institution of the buyer's account. Title to real estate properties are transferred to the buyers once full payment has been made.

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 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 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 P30,761,436 in 2022, 2021, and 2020, respectively, are presented as part of Finance Income in the statements of profit or loss (see Note 21).

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Company.

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 Company, which will be received three to four months after release of loan.

Advances to officers and employees are composed of advances intended for the Company's operations and are subject to liquidation.

The Company 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. No allowance for ECL need to be recognized in 2022, 2021 and 2020 (see Note 29.2)

6. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	Note	2022	2021
Subdivision units		**P 723,515,775**	P 255,741,685
Condominium units		**195,654,846**	481,000,844
		919,170,621	736,742,529
Construction-in-progress (CIP):			
Land development costs		**4,365,318,179**	4,756,876,805
Condominium building costs		**1,692,159,086**	1,202,816,678
Housing costs		**1,330,557,606**	1,790,067,469
		7,388,034,871	7,749,760,952
Raw land inventory	7	**284,618,630**	1,461,557,446
		P8,591,824,122	P9,948,060,927

An analysis of the cost of real estate inventories included in cost of sales for the year is presented in Note 18.

Land development costs pertain to the cost of acquisition of land and site development costs of subdivision projects and other future site projects of the Company.

Housing costs pertain to the cost of house construction for the horizontal projects of the Company.

Condominium building costs consist of the cost of acquisition of land and the cost to construct the units of the vertical projects of the Company.

Raw land inventory consists of parcels of land owned by the Company that are located in various locations. These are expected to be developed into saleable condominium or subdivision units. In 2022 and 2021, the Company reclassified deposits on land for future development amounting to nil and P1,076,100,742, respectively, to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated (see Note 7).

Borrowing costs that are capitalized as part of real estate inventories amounted to P1,018,896,316 and P1,353,220,387 in 2022 and 2021, respectively, which represents the specific borrowing costs incurred on bank loans, corporate notes and bonds obtained to fund the construction projects (see Notes 14 and 15). Capitalization rate used for specific borrowings ranges from 4.00% to 7.50% and 4.25% to 7.25% in 2022 and 2021, respectively.

The Company reclassified real estate inventories to investment properties amounting to P12,559,602 in 2022 and reclassified investment properties to real estate inventories amounting to P91,750,220 in 2021 (see Note 12).

Certain real estate inventories amounting to P4,976,334,244 and P3,905,625,167 as at December 31, 2022 and 2021, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

7. 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 2.6). 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		**121,996,729**	376,327,882
Transferred to raw land inventory	6	**-**	(1,076,100,742)
Balance at end of year		**P 121,996,729**	P -

The deposits on land for future development is presented as current assets in the statements of financial position.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	2022	2021
Advances to subcontractors	**P 968,438,203**	P1,358,166,117
Deferred commissions and incentives	**650,746,260**	803,048,682
Input VAT and deferred input VAT	**591,692,464**	429,650,081
Prepaid income tax	**269,493,001**	131,398,431
Advances to suppliers	**205,941,986**	261,844,092
Short-term investments	**101,034,408**	149,901,854
Prepaid expenses	**15,080,589**	31,497,875
Others	**73,501**	73,501
	P2,802,500,412	P3,165,580,633

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses that were paid on behalf of subcontractors. These are applied against the billings of subcontractors.

Deferred commissions and incentives pertain to sales commissions and incentives incurred and capitalized by the Company 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 Company measures progress towards complete satisfaction of its performance obligation in its contracts. In 2022, 2021 and 2020, the Company expensed deferred commissions and incentives of P627,869,052, P600,232,618 and P321,417,987, respectively based on the POC of the related real estate contract and is presented as Commissions and incentives under the Operating Expenses account in the statements of profit or loss (see Note 19).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Company's compliance with the regulatory requirements for issuance of license to sell and are restricted for use in the Company'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 2.50% to 3.00% per annum in 2022 and ranging from 1.20% to 1.90% per annum in 2021.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

This account comprises the following as at December 31:

	Note	2022	2021
Investment in subsidiaries	9.1	**P6,731,567,105**	P5,743,093,372
Investments in associates	9.2	**133,559,582**	134,913,356
		P6,865,126,687	P5,878,006,728

A reconciliation of the carrying amounts of investments in subsidiaries and associates at the beginning and end of 2022 and 2021 is shown below.

	2022	2021
Balance at beginning of year	**P5,878,006,728**	P4,621,527,207
Investments during the year	**650,822,195**	1,303,891,928
Equity in net profit during the year	**430,697,764**	24,587,593
Dividends received	**(94,400,000)**	(72,000,000)
Balance at end of year	**P6,865,126,687**	P5,878,006,728

9.1 Investments in Subsidiaries

A reconciliation of the carrying amounts of the investments in subsidiaries at the beginning and end of 2022 and 2021 is shown below.

	Note	2022	2021
Balance at beginning of year		**P5,743,093,372**	P4,491,674,543
Investments during the year		**642,822,195**	1,064,031,747
Equity in net profit during the year		**440,051,538**	28,968,346
Dividends received		**(94,400,000)**	(72,000,000)
Reclassification	9.2	**-**	230,418,736
Balance at end of year		**P6,731,567,105**	P5,743,093,372

On June 22, 2021, the Company assumed control of the MDC by acquiring additional 6,379,980 common shares of MDC from nine other stockholders. The Company became MDC's parent company with a 77.69% ownership interest over its outstanding shares, an increase from its previously held 20% ownership interest.

9.2 Investments in Associates

A reconciliation of the carrying amounts of the investments in associates at the beginning and end of 2022 and 2021 is shown below.

	Notes	**2022**	2021
Balance at beginning of year		**P 134,913,356**	P 129,852,664
Equity in net loss during the year		**(9,353,774)**	(4,380,753)
Investments during the year		**8,000,000**	25,310,917
Equity in net loss during the year	9.1	**-**	(48,307,983)
Gain on remeasurement	20.1	**-**	32,438,511
Balance at end of year		**P 133,559,582**	P 134,913,356

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 20.1), 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

10. 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.

	Building	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2022							
Cost	P 373,019,225	P 111,049,218	P 52,286,882	P 35,095,811	P 4,370,139	P 3,708,701,466	P 4,284,522,741
Accumulated depreciation and amortization	(88,891,788)	(52,185,686)	(38,939,854)	(25,346,548)	(2,432,614)	-	(207,796,490)
Net carrying amount	**P 284,127,437**	**P 58,863,532**	**P 13,347,028**	**P 9,749,263**	**P 1,937,525**	**P 3,708,701,466**	**P 4,076,726,251**
December 31, 2021							
Cost	P 285,064,231	P 91,655,631	P 54,891,520	P 32,175,937	P 2,352,961	P 102,799,019	P 568,939,299
Accumulated depreciation and amortization	(73,868,573)	(40,091,131)	(37,021,957)	(21,743,468)	(2,331,011)	-	(175,056,140)
Net carrying amount	P 211,195,658	P 51,564,500	P 17,869,563	P 10,432,469	P 21,950	P 102,799,019	P 393,883,159
January 1, 2021							
Cost	P 226,721,526	P 69,921,746	P 41,478,217	P 26,567,436	P 2,330,639	P 104,849,195	P 471,868,759
Accumulated depreciation and amortization	(56,836,206)	(30,818,511)	(32,097,941)	(18,473,949)	(2,327,353)	-	(140,553,960)
Net carrying amount	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331,314,799

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2022, 2021 and 2020 is shown below.

	Building	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 211,195,658	P 51,564,500	P 17,869,563	P 10,432,469	P 21,950	P 102,799,019	P 393,883,159
Additions	55,888,147	19,487,678	1,587,688	2,919,875	2,017,179	2,336,934,319	2,418,834,886
Disposal	-	(94,092)	(4,192,326)	-	-	-	(4,286,418)
Reclassification	32,066,847	-	-	-	-	1,268,968,128	1,301,034,975
Depreciation and amortization charges for the year	(15,023,215)	(12,094,554)	(1,917,897)	(3,603,081)	(101,604)	-	(32,740,351)
Balance at December 31, 2022, net of accumulated depreciation and amortization	**P 284,127,437**	**P 58,863,532**	**P 13,347,028**	**P 9,749,263**	**P 1,937,525**	**P 3,708,701,466**	**P 4,076,726,251**
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331.314.799
Additions	11,782,632	21,800,399	13,413,303	6,126,083	22,322	32,976,828	86,121,567
Disposal	-	(66,514)	-	(517,582)	-	-	(584,096)
Reclassification	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization charges for the year	(13,476,337)	(9,272,620)	(4,924,016)	(3,269,519)	(3,658)	-	(30,946,150)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 211,195,658	P 51,564,500	P 17,869,563	P 10,432,469	P 21,950	P 102,799,019	P 393,883,159
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 71,432,740	P 38,226,980	P 9,407,665	P 8,822,740	P 97,701	P 16,491,703	P 144,479,529
Additions	19,542,518	8,296,859	3,161,948	2,621,700	-	89,511,428	123,134,453
Reclassification	87,256,335	-	-	-	-	(1,153,936)	86,102,399
Depreciation and amortization charges for the year	(8,346,273)	(7,420,604)	(3,189,337)	(3,350,953)	(94,415)	-	(22,401,582)
Balance at December 31, 2020, net of accumulated depreciation and amortization	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331,314,799

Depreciation and amortization expenses on property and equipment is presented as part of Operating Expenses in the statements of profits or loss (see Note 19).

In 2022 and 2021, the Company reclassified certain retail building previously presented as Investment Properties with an aggregate amount of P1,301,034,975 and P7,977,039, respectively, to Property and Equipment (see Note 12) . These pertain to the ongoing construction of buildings which will be used in hotel operations. CLI also used some units as one of its offices.

Borrowing costs that are capitalized as part of property and equipment amounted to P413,771,181 in 2022, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 14). Capitalization rate used for specific borrowings ranges from 4.00% to 8.00% in 2022. No borrowing costs capitalized in 2021.

Property and equipment with a total carrying amount of P3,688,924,771 and P121,909,862 as at December 31, 2022 and 2021, respectively, are used as collateral for certain interest-bearing loans and borrowings (see Note 14).

As at December 31, 2022 and 2021, the cost of the Company's fully-depreciated property and equipment that are still used in operations amounts to P103,301,639 and P91,451,396, respectively.

11. LEASES

The Company entered into lease contracts, as lessee, for leases of land. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the statement 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 Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For the lease on the land, the Company must insure all the improvements made on the property.

The table below describes the nature of the Company's leasing activity by type of right-of-use asset recognized in the statements of financial position.

	Number of right of-use asset leased	Range of remaining term	Number of leases with extension option	Number of leases with purchase option	Number of leases termination options
December 31, 2022					
Land	3	30 to 42 years	-	-	-
December 31, 2021					
Land	2	40 to 42 years	-	-	-

11.1 Right-of-use Assets

The carrying amounts of the Company's right-of-use assets as at December 31, 2022 and 2021 and the movements during the year are shown below.

	2022	2021
Cost		
Balance at beginning of year	**P 927,188,591**	P 971,236,694
Additions	**52,874,044**	-
Amendment of lease contract	**-**	(44,048,103)
Balance at end of year	**980,062,635**	927,188,591
Accumulated amortization		
Balance at beginning of year	**46,931,213**	26,308,480
Amortization	**22,381,468**	20,622,734
Balance at end of year	**69,312,681**	46,931,214
Carrying amount	**P 910,749,954**	P 880,257,377

11.2 Lease Liabilities

Lease liabilities presented in the statement of financial position as at December 31, 2022 and 2021 amounted to P948,091,184 and P834,573,823, which are all non-current liabilities.

The contracts of lease do not provide for any future lease termination and extension options. The lease liabilities are secured by the related underlying asset. 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 36,716,315	P 37,527,340	P 40,463,482	P 53,991,333	P 55,067,747	P3,208,036,928	P 3,431,803,145
Finance charges	(36,716,315)	(97,202,000)	(70,335,257)	(72,065,973)	(73,304,835)	(2,134,087,582)	(2,483,711,962)
Net present values	**P -**	**(P 59,674,660)**	**(P 29,871,775)**	**(P 18,074,640)**	**(P 18,237,088)**	**P1,073,949,346**	**P 948,091,183**
December 31, 2021							
Lease payments	P 17,709,474	P 35,418,947	P 37,189,895	P 38,190,395	P 51,055,389	P3,111,264,805	P 3,290,828,905
Finance charges	(17,709,474)	(104,279,072)	(68,510,350)	(66,479,352)	(68,162,105)	(2,131,114,729)	(2,456,255,082)
Net present values	P -	(P 68,860,125)	(P 31,320,455)	(P 28,288,957)	(P 17,106,716)	P 980,150,076	P 834,573,823

11.3 Lease Payments Not Recognized as Liabilities

The Company 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 P13,212,227, P15,121,820 and P11,065,601 in 2022, 2021 and 2020, respectively, and is presented as Rent as part of Operating Expenses in the statements of profit or loss (see Note 19).

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflows in respect of leases amounted to P562,543, P5,452,222 and P160,291,806 in 2022, 2021 and 2020, respectively. The Interest expense in relation to lease liabilities amounting to P61,205,859, P52,757,989 and P56,727,264 in 2022, 2021 and 2020, respectively, which is presented as part of Finance Costs in the statements of profit or loss (see Note 22).

12. INVESTMENT PROPERTIES

The Company's investment properties include condominium units and retail building. 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 777,095,974	P 804,566,616	P 31,371,804	P -	P 8,525,649,180	P10,138,683,574
Accumulated depreciation	(71,367,624)	(120,839,845)	(9,099,542)	-	-	(201,307,011)
Carrying amount	**P 705,728,350**	**P 683,726,771**	**P 22,272,262**	**P -**	**P 8,525,649,180**	**P 9,937,376,563**
December 31, 2021						
Costs	P 776,845,974	P 792,007,013	P 31,371,804	P -	P 4,831,135,183	P 6,431,359,974
Accumulated depreciation	(49,310,883)	(96,384,966)	(7,530,906)	-	-	(153,226,755)
Carrying amount	P 727,535,091	P 695,622,047	P 23,840,898	P -	P 4,831,135,183	P 6,278,133,219
January 1, 2021						
Costs	P 595,061,927	P 551,960,803	P 31,371,804	P -	P 2,966,272,566	P 4,144,667,100
Accumulated depreciation	(33,635,295)	(75,583,112)	(5,962,316)	-	-	(115,180,723)
Carrying amount	P 561,426,632	P 476,377,691	P 25,409,488	P -	P 2,966,272,566	P 4,029,486,377

A reconciliation of the carrying amounts of investment properties at the beginning and end of year 2022, 2021 and 2020 is shown below.

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
Balance at January 1, 2022 net of accumulated depreciation	P 727,535,090	P 695,622,048	P 23,840,898	P -	P 4,831,135,183	P 6,278,133,219
Additions	250,000	-	-	-	4,995,548,972	4,995,798,972
Reclassifications	-	12,559,602	-	-	(1,301,034,975)	(1,288,475,373)
Depreciation during the year	(22,056,740)	(24,454,879)	(1,568,636)	-	-	(48,080,255)
Balance at December 31, 2022 net of accumulated depreciation	**P 705,728,350**	**P 683,726,771**	**P 22,272,262**	**P -**	**P 8,525,649,180**	**P 9,937,376,563**
Balance at January 1, 2021 net of accumulated depreciation	P 561,426,632	P 476,377,691	P 25,409,488	P -	P 2,966,272,566	P 4,029,486,377
Additions	696,786	-	-	-	2,389,279,378	2,389,976,164
Reclassifications	184,643,291	240,046,211	-	-	(524,416,761)	(99,727,259)
Depreciation during the year	(19,231,619)	(20,801,854)	(1,568,590)	-	-	(41,602,063)
Balance at December 31, 2021 net of accumulated depreciation	P 727,535,090	P 695,622,048	P 23,840,898	P -	P 4,831,135,183	P 6,278,133,219

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
Balance at January 1, 2020 net of accumulated depreciation	P 85,115,746	P 229,432,066	P 26,978,078	P 2,652,500	P 2,022,057,808	P 2,366,236,198
Additions	-	-	-	-	1,843,779,784	1,843,779,784
Reclassifications	494,833,922	266,547,248	-	(2,652,500)	(899,565,026)	(140,836,356)
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 476,377,691	P 25,409,488	P -	P 2,966,272,566	P 4,029,486,377

In 2022, the Company reclassified investment properties to property and equipment amounting to P1,301,034,975 (see Note 10) and reclassified real estate inventories to investment properties amounting to P12,559,602 (see Note 6). In 2021, the Company reclassified investment properties to real estate inventories and property and equipment totaling P91,750,220 and P7,977,039, respectively (see Notes 6 and 10).

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:				
Retail building		**P 58,487,878**	P 61,961,988	P 59,216,319
Hotel		**6,553,177**	-	-
Condominium units		**9,789,476**	3,882,427	1,837,157
Parking units		**922,042**	728,102	474,917
Others		**-**	1,416,978	-
	17.1	**P 75,752,573**	P 67,989,495	P 61,528,393
Expenses:				
Depreciation	18	**P 48,080,255**	P 41,602,742	P 39,693,249
Repairs and maintenance	19	**-**	1,549,599	509,627
Others		**-**	63,258	-
		P 48,080,255	P 43,215,599	P 40,202,876

Investment properties have a total fair value of P10,917,052,491 and P7,392,323,227 as at December 31, 2022 and 2021, respectively, based on the appraisal done by an independent expert [see Note 30.3*(c)*]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Company's investment properties as at December 31, 2022 and 2021.

Investment property with a total carrying amount of P5,614,802,742 and P4,606,708,047 and as at December 31, 2022 and 2021, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

13. OTHER NON-CURRENT ASSETS

This account includes the following:

	Note	**2022**	2021
Advances to subcontractors		**P 473,134,430**	P 165,368,935
Deposits for purchased properties	25.3	**163,134,122**	50,503,033
Refundable deposits		**113,438,998**	86,691,321
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
Advance payment for future investment in equity securities		**-**	29,496,000
Others		**1,934,145**	1,917,593
		P 797,003,684	P 385,106,174

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.

Deposit for purchased properties pertains to the condominium units purchased by the Company under pre-completed contracts. Upon completion, the Company intends to use these properties.

Refundable deposits pertain to recoverable payments by the Company which are expected to be realized at the end of the term of agreement. These are measured at amortized cost.

Total additions to computer software amounted to P3,064,324, 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, P8,983,546 and P7,243,253 in 2022, 2021 and 2020, respectively, and is presented as part of Depreciation and amortization under Operating Expenses in the statements of profit or loss (see Note 19).

14. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the statements of financial position as follows:

	Notes	2022	2021
Current:			
Bank loans	14.1	**P 6,403,789,653**	P 3,984,311,190
Corporate notes	14.2	**1,117,559,524**	3,545,238,195
		7,521,349,177	7,529,549,385
Non-current:			
Bank loans	14.1	**10,715,107,978**	7,086,121,475
Corporate notes	14.2	**11,216,986,253**	12,294,538,531
		21,932,094,231	19,380,660,006
		P29,453,443,408	P26,910,209,391

14.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	2022	2021
Balance at beginning of year	**P11,070,432,665**	P 4,290,870,250
Proceeds and drawdowns – net	**9,978,618,073**	10,026,513,537
Repayments	**(3,978,932,183)**	(3,270,879,433)
Amortization of debt issue costs	**48,779,076**	23,928,311
Balance at end of year	**P17,118,897,631**	P11,070,432,665

The unamortized debt issue cost as at December 31, 2022 and 2021 amounts to P77,970,874 and P43,461,023, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2022 and 2021 are shown below.

	2022	2021
Balance at beginning of year	**P 43,461,023**	P 13,102,870
Debt issue costs from new loans	**83,288,927**	54,286,464
Amortization of debt issue cost	**(48,779,076)**	(23,928,311)
Balance at end of the year	**P 77,970,874**	P 43,461,023

The loans bear interest rates per annum ranging from 4.00% to 7.50% in 2022, 4.25% to 5.55% in 2021 and 4.00% to 5.25% in 2020. Certain loans are collateralized by the specific projects for which the loans were obtained. The cost of such projects aggregating to P7,331,903,009 and P8,634,243,076 as at December 31, 2022 and 2021, respectively, are included in the Real Estate Inventories, Property and Equipment, and Investment Properties accounts in the statements of financial position (see Notes 6, 10 and 12).

In 2022, the Company availed of new loans amounting to P9,978,618,073, net of debt issuance cost, which have outstanding balance totaling P8,291,623,625 as at December 31, 2022. The loans bear interest ranging from 4.125% to 7.50% with maturity dates ranging from 2023 to 2034.

In 2021, the Company availed of new loans amounting to P10,026,513,537, net of debt issuance cost, which have outstanding balance totaling P5,791,000,000 and P7,464,536,889 as at December 31, 2022 and 2021, respectively. The loans bear interest ranging from 4.00% to 6.50% with maturity dates ranging from 2023 to 2034.

Total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P798,855,982, P350,165,748 and P301,195,608 in 2022, 2021 and 2020, respectively, and of which P610,547,649, P265,810,070 and P298,657,414, respectively, were capitalized as part of construction costs (see Notes 6, 10 and 12). Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 4.00% to 7.50% and 4.25% to 7.25% in 2022 and 2021, respectively.

14.2 Corporate Notes

The 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 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 Company recognized debt issuance costs for new NFA amounting to P27,236,842 and P108,124,311, respectively, which has a carrying amount of P102,358,985 and P142,366,131 as at December 31, 2022 and 2021, respectively, in relation to the drawdowns from the NFA. No debt issuance costs were recognized for 2022. 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 construction costs in 2022, 2021 and 2020, respectively (see Notes 6, 10 and 12).

The Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio ranging from 2.5:1 to 3.0:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2022 and 2021, the 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 statements of profit or loss, amounted to P188,308,333, P100,246,234, and P8,677,442, in 2022, 2021 and 2020, respectively (see Note 22).

The total accrued interest on bank loans and corporate notes amounted to P124,685,521 and P127,723,403 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 statements of financial position (see Note 16).

15. 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 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 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 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 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 Company is compliant with the requirements.

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	Notes	2022	2021
Current:			
Unbilled construction costs		**P 7,423,749,207**	P 4,186,303,731
Trade payables		**2,597,240,481**	1,699,447,711
Sales commissions payable		**1,114,048,487**	1,143,583,886
Retention payable		**633,964,617**	462,671,191
Accrued expenses	14	**249,749,996**	150,219,165
Government-related obligations		**75,997,476**	45,883,493
Due to related parties	25.2	**62,484,708**	60,614,686
Output VAT		**41,500,631**	51,939,153
Other payables		**4,099,037**	3,411,496
		12,202,834,640	7,804,074,512
Non-current:			
Retention payable		**148,726,165**	126,943,989
Advance rental		**14,269,141**	13,201,960
Other payables		**13,239,665**	2,336,904
		176,234,971	142,482,853
		P12,379,069,611	P 7,946,557,365

Unbilled construction costs pertain to obligations to contractors for services already performed but not yet billed to the Company.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials for the Company's projects.

Sales commissions payables pertains to estimated obligations to agents.

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 statements of financial position.

Accrued expenses pertain to accruals for contracted services, security services, professional fees, and other recurring accruals in the Company's operations.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

17.1 Disaggregation of Contract Revenues

In 2022, the Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical areas:

	2022				
	Cebu	**Visayas**	**Mindanao**	**Luzon**	**Total**
Sale of real estate units					
Over time	P 4,896,280,081	P 3,514,891,401	P 2,837,004,591	P 7,441,250	P11,255,617,323
At a point in time	270,421,612	30,553,637	29,351,185	42,979,100	373,285,534
	5,166,701,693	3,545,445,038	2,866,355,776	50,420,350	11,628,922,857
Lease of properties					
Over time	75,752,573	-	-	-	75,752,573
Render of management services					
Over time	76,944,068	11,948,758	53,039,115	-	141,931,941
	P 5,319,398,334	**P 3,557,393,796**	**P 2,919,394,891**	**P 50,420,350**	**P11,846,607,371**

	2021				
	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	P 4,981,552,014	P 2,297,929,320	P 1,943,338,200	P -	P 9,222,819,534
At a point in time	99,321,739	32,795,711	29,159,733	15,601,000	176,878,183
	5,080,873,753	2,330,725,031	1,972,497,933	15,601,000	9,399,697,717
Lease of properties					
Over time	67,989,495	-	-	-	67,989,495
Render of management services					
Over time	46,530,721	16,771,110	47,217,858	-	110,519,689
	P 5,195,393,969	P 2,347,496,141	P 2,019,715,791	P 15,601,000	P 9,578,206,901

	2020				
	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	P 2,919,088,901	P 1,910,041,688	P 1,200,353,420	P -	P 6,029,484,009
At a point in time	351,635,505	-	99,985,234	37,860,000	489,480,739
	3,270,724,406	1,910,041,688	1,300,338,654	37,860,000	6,518,964,748
Lease of properties					
Over time	61,528,393	-	-	-	61,528,393
Render of management services					
Over time	42,219,821	-	9,450,891	6,720,000	58,390,712
	P 3,374,472,620	P 1,910,041,688	P 1,309,789,545	P 44,580,000	P 6,638,883,853

17.2 Contract Balance

The breakdown of contract balances is as follows:

	2022	2021
Contract assets	**P25,386,768,172**	P16,256,159,124
Contract liabilities	**(289,366,657)**	(353,200,147)
Contract assets – net	**P25,097,401,515**	P 15,902,958,977

The Company recognizes a contract asset when the performance of property development is ahead of the collection of the consideration.

A reconciliation of the opening and closing balance of Contract Assets in 2022 and 2021 is shown in the below.

	2022	2021
Balance at beginning of year	**P16,256,159,124**	P9,470,656,275
Performance of property development	**10,115,826,001**	7,842,879,585
Transfers to contract receivables	**(985,216,953)**	(1,057,376,736)
Balance at end of year	**P25,386,768,172**	P16,256,159,124

Contract assets is presented in the statements of financial position as follows.

	2022	2021
Current	**P14,063,209,951**	P 4,197,781,332
Non-current	**11,323,558,221**	12,058,377,792
	P25,386,768,172	P16,256,159,124

A reconciliation of the carrying amounts of contract liabilities at the beginning and end of 2022 and 2021 is shown below.

	2022	2021
Balance at beginning of year	**P 353,200,147**	P 361,720,625
Revenue recognized that was included in contract liability at the beginning of year	**(106,492,815)**	(147,050,564)
Increase due to cash received excluding amount recognized as revenue during the year	**42,659,325**	138,530,086
Balance at end of year	**P 289,366,657**	P 353,200,147

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 as Customers' Deposits, which amounted to P76,996,569 and P57,469,700 as at December 31, 2022 and 2021, respectively.

17.3 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as at December 31, 2022 and 2021 is P10,761,956,088 and P8,449,458,001, respectively. As at December 31, 2022 and 2021, the Company expects to recognize revenue from unsatisfied contracts as follows:

	2022	2021
Within a year	**P 5,138,616,192**	P 4,491,140,648
More than one year to three years	**5,623,339,896**	3,958,317,353
	P 10,761,956,088	P 8,449,458,001

18. COSTS OF SALES AND SERVICES

Components of costs of sales and services are analyzed below.

	Notes	**2022**	2021	2020
Cost of real estate sales:				
Materials and contracted labor	19	**P4,909,657,508**	P 3,934,382,086	P 2,908,018,467
Land cost	19	**832,338,731**	226,630,439	128,511,991
Borrowing costs	19	**353,230,629**	531,194,326	208,110,212
Other costs		**158,985,487**	105,746,892	69,635,470
		6,254,212,355	4,797,953,743	3,314,276,417
Cost of rental services:				
Depreciation		**48,080,256**	41,602,062	39,693,249
Real property taxes		**-**	63,258	-
	12	**48,080,256**	41,665,320	39,693,249
		P 6,302,292,611	P 4,839,619,063	P 3,353,969,666

Cost of real estate sales include contracted services, cost of land, capitalizable borrowing costs and other costs incidental to housing and condominium projects development as shown in Note 19. Contracted services pertain to the constructions contracts which are related to construction labor and materials for the units sold.

19. COSTS AND EXPENSES BY NATURE

The details of costs and expenses by nature are shown below.

	Notes	2022	2021	2020
Contracted services	18	**P4,909,657,508**	P 3,934,382,086	P 2,908,018,467
Land cost	18	**832,338,731**	226,630,439	128,511,991
Commissions and incentives	8	**627,869,052**	600,232,618	321,417,987
Salaries and employee benefits	23.1	**515,728,192**	431,568,938	346,651,735
Borrowing cost	18	**353,230,629**	531,194,326	208,110,212
Taxes and licenses		**208,560,487**	176,165,566	80,697,838
Depreciation and amortization	10, 11, 12, 13	**115,405,442**	102,154,493	91,358,352
Repairs and maintenance	12	**61,972,854**	14,189,462	20,117,310
Advertising		**45,305,124**	32,367,610	38,943,763
Representation and entertainment		**30,874,801**	18,601,448	16,335,432
Security services		**22,184,525**	11,083,160	8,525,401
Professional and legal fees		**24,661,729**	25,220,118	21,976,647
Utilities		**23,937,928**	19,627,604	24,681,530
Transportation and travel		**22,685,610**	4,842,676	15,645,674
Insurance		**19,446,501**	14,083,581	10,890,647
Supplies		**16,598,691**	10,170,328	14,722,002
Rent	11.3, 27.2	**13,212,227**	15,121,820	11,065,601
Subscriptions and membership dues		**12,993,887**	12,934,117	7,017,637
Fuel and lubricants		**9,876,935**	6,373,908	2,934,419
Communications		**5,556,960**	7,384,210	5,522,883
Selling expense		**4,812,800**	1,443,463	-
Donations		**3,253,849**	106,556,752	12,412,407
Penalties		**2,874,976**	1,819,433	-
Trainings and seminars		**1,463,617**	856,107	410,711
Others		**287,015,458**	165,845,105	111,446,896
		P 8,171,518,513	P 6,470,849,368	P 4,407,415,542

The costs and expenses are classified in the statements of profit or loss as follows:

	Note	2022	2021	2020
Cost of sales and services	18	**P 6,302,292,611**	P 4,839,619,063	P 3,353,969,666
Operating expenses		**1,869,225,902**	1,631,230,305	1,053,445,876
		P 8,171,518,513	P 6,470,849,368	P 4,407,415,542

20. OTHER OPERATING INCOME AND OTHER LOSSES

20.1 Other Operating Income

This account is composed of the following:

	Note	2022	2021	2020
Administrative charges		**P 63,889,484**	P 37,634,896	P 14,499,649
Move-in fee income		**26,488,948**	33,651,002	-
Water service fee		**14,260,920**	11,150,077	9,019,740
Commitment fee		**13,716,111**	-	-
Documentation fee		**10,039,993**	8,536,557	7,323,661
Sponsorships		**7,957,554**	2,125,098	-
Late payment penalties charged to customers		**6,057,854**	2,111,708	1,447,633
Foreign exchange gains		**4,262,002**	1,410,012	-
Utilities charged to tenants		**3,902,053**	5,749,848	1,770,786
Scrap sales		**2,017,777**	2,541,366	-
Referral incentive		**1,720,250**	336,386	75,728
Reservation fees foregone		**187,047**	43,750	8,460,301
Concession income		**-**	1,733,355	1,803,088
Reversal of payables		**-**	61,690,791	6,486,587
Gain on remeasurement of investment in associates	9.2	**-**	32,438,511	-
Others		**4,398,115**	5,570,203	1,912,950
		P 158,898,108	P 206,723,560	P 52,800,123

Reversal of payables pertains to outstanding payables related to cancelled contracts with certain building contractors and suppliers which the Company is no longer required to pay. This also includes income from the write-off of long-outstanding unidentified deposits.

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.

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

Water service fee pertains to fees charged to home or unit-owners of the turned-over units and condominium projects.

Refund from lot acquisitions pertain to the refund from seller of property for overpayments made.

20.2 Other Losses

This account is composed of the following:

	2022	2021	2020
Foreign exchange losses	**P 6,380,520**	P 1,391,339	P 685,956
Losses due to typhoon	**-**	89,558,963	-
Loss (gain) on sale of assets - net	**(128,364)**	16,577	-
	P 6,252,156	P 90,966,879	P 685,956

Losses due to typhoon pertain to the damages sustained from a typhoon Odette which affected Company's projects and properties in Cebu (see Note 33).

21. FINANCE INCOME

This is composed of the following:

	Notes	**2022**	2021	2020
Interest income on:				
Advances to related parties	25.1	**P 58,794,923**	P 26,524,249	P 6,460,910
Banks	4	**11,881,039**	2,819,951	7,379,290
Post-employment defined benefit obligation	23.3	**-**	-	245,725
Amortization of day one loss on non-current contract receivables - net	5	**-**	1,160,937	30,761,436
		P 70,675,962	P 30,505,137	P 44,847,361

22. FINANCE COSTS

This is composed of the following:

	Notes	**2022**	2021	2020
Interest expense on				
Interest-bearing loans	14	**P 188,308,333**	P 100,246,234	P 8,677,442
Lease liabilities	11	**61,205,859**	52,757,989	56,727,264
Bonds	15	**15,444,620**	-	-
Post-employment defined benefit obligation	23.3	**241,469**	24,537	-
Day one loss, net of amortization	5	**257,332**	-	-
Bank charges		**307,009**	440,856	174,756
		P 265,764,622	P 153,469,616	P 65,579,462

Interest expense on loans is the portion not capitalized as part of real estate inventories, property and equipment or investment properties (see Notes 6, 10, 12, 14 and 15).

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits (see Note 19) are presented below.

	Notes	**2022**	2021	2020
Short-term employee benefits		**P 508,138,583**	P 426,966,578	P 348,852,884
Post-employment defined benefit	23.3	**4,583,769**	4,602,360	(2,201,149)
Share options	23.3, 26.3	**3,005,840**	-	-
	19	**P 515,728,192**	P 431,568,938	P 346,651,735

23.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the Operating Expenses account in the statements of profit or loss, amounted to P3,005,840 (see Note 23.1), while the corresponding cumulative credit to Share Options Outstanding account is presented under the Equity section of the statements of financial position (see Note 26.3).

23.3 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Company. The trustee bank manages the fund in coordination with the Company'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 Company'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 Financial Statements

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented below 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 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 as follows.

	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 demographic assumptions	**-**	2,431,649
Changes in financial assumptions	**(4,166,909)**	(2,420,116)
Experience adjustments	**2,211,194**	(1,316,633)
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 58,198
Receivables	**38,919**	86,620
Unitized investment funds	**29,623,378**	28,225,300
Government securities	**4,888,091**	7,000,761
	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 Company'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 presented below.

	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)**	(2,420,116)	2,395,087
Demographic assumptions	**-**	2,431,649	(38,900,877)
Loss (return) on plan assets (excluding amounts included in net interest expense)	**2,533,087**	870,008	1,040,784
	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 21 and 22).

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

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

	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 24.90. 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 Company 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 Company'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 Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are 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 statements of financial position.

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

(ii) Asset-Liability Matching Strategies

To efficiently manage the retirement plan, the Company, through its 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 Company 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 Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The Company 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.

24. 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 Company.

- 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 Company, was lower by P6,800,285 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 at December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P168,857,700 and such was recognized in the 2021 profit or loss and in other comprehensive income.

The Company was registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Company enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Company has 10 and 15 registered projects with BOI as at December 31, 2022 and 2021, respectively.

The components of tax expense relating to profit or loss and other comprehensive income are as follows:

	2022	2021	2020
Recognized in profit or loss			
Current tax expense:			
RCIT at 25% in 2022 and 2021 and 30% in 2020	**P 38,813,545**	P 25,004,538	P 81,603,422
Final tax	**2,375,510**	547,058	1,515,795
Adjustment in 2020 income taxes due to change in income tax rates	**-**	(6,800,285)	-
	41,189,055	18,751,311	83,119,217
Deferred tax expense relating to:			
Origination and reversal of temporary differences	**816,337,224**	671,965,242	463,551,283
Effect of the change in income tax rate	**-**	(169,778,116)	-
	816,337,224	502,187,126	463,551,283
	P 857,526,279	P 520,938,437	P 546,670,500
Recognized in other comprehensive income			
Deferred tax expense (income) arising from:			
Origination and reversal 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 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	**P1,015,835,979**	P 781,184,332	P 723,793,522
Adjustments for income subject to lower tax rates	**(594,750)**	(157,930)	(697,993)
Effect of the change in income tax rate	**-**	(176,578,401)	-
Tax effects of:			
Timing difference from tax exempt real estate sales	**(56,968,067)**	(90,408,481)	(136,649,789)
Non-taxable income	**(107,674,441)**	(290,234)	(54,166,839)
Non-deductible expenses	**6,927,558**	7,189,151	14,391,599
Tax expense	**P 857,526,279**	P 520,938,437	P 546,670,500

Non-taxable income primarily pertains to the tax effect of the Company's share in net profit of its subsidiaries and associates which is a permanent difference for tax purposes.

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

	2022	2021
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	**P2,438,897,120**	P1,577,664,682
Rental income	**4,600,071**	4,531,825
Others	**11,541**	330,590
	2,443,508,732	1,582,527,097
Deferred tax assets:		
Recognition of commission	**(81,631,338)**	(46,982,574)
Net lease liabilities	**(24,957,130)**	(15,883,716)
Unamortized past service cost	**(1,774,086)**	(2,046,703)
Post-employment defined benefit obligation	**(1,052,212)**	26,730
Others	**(260,250)**	-
	(109,675,016)	(64,886,263)
	P2,333,833,716	P1,517,640,834

The components of deferred tax income (expense) are as follows:

	Statements of Profit or Loss			Statements of Comprehensive Income		
	2022	2021	2020	**2022**	2021	2020
Deferred tax liabilities:						
Difference between tax reporting base and financial reporting bas used in sales recognition	**(P 861,232,438)**	(P 542,147,470)	(P 463,100,881)	**P -**	P -	P -
Rental income	**(11,891,664)**	(1,158,026)	(310,207)	**-**	-	-
Others	**319,048**	54,733	783	**-**	-	-
Deferred tax assets:						
Recognition of commission	**34,648,764**	36,199,861	(8,765,328)	**-**	-	-
Net lease liabilities	**20,896,832**	5,163,596	9,260,128	**-**	-	-
Unamortized past service cost	**(272,617)**	(888,898)	(128,741)	**-**	-	-
Post-employment defined benefit obligation – net	**1,078,942**	589,078	(507,037)	144,343	(1,029,189)	2,697,492
Others	**115,909**	-	-	**-**	-	-
Deferred tax income (expense)	**(P 816,337,224)**	(P 502,187,126)	(P 463,551,283)	**P 144,343**	(P 1,029,189)	P 2,697,492

In 2022 and 2021, the Company is subject to the minimum corporate income tax (MCIT) which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations, or to RCIT, whichever is higher. No MCIT was reported in 2022 and 2021 as the RCIT was higher than MCIT in both years.

The Company 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.

The Company opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2022, 2021 and 2020.

25. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent or ABS, entities under common ownership, associates, joint ventures, shareholders, the Company's key management personnel, and others as described in Note 2.18.

A summary of the Company's transactions and outstanding balances with its related parties is presented below.

		Amount of Transaction			Outstanding Balance	
	Note	**2022**	2021	2020	**2022**	2021
Ultimate Parent Company						
Sale of real estate	25.4	**P 5,902,841**	P -	P 41,538,000	**P 77,699,074**	P 71,796,233
Entities under Common Ownership						
Net advances (collections)	25.1	**2,858,969**	12,778,398	11,953,583	**37,538,367**	34,697,398
Subsidiaries						
Advances to (collections)	25.1	**450,691,824**	669,293,633	289,507,725	**1,425,465,519**	974,773,695
Purchase of property	25.3	**112,631,089**	(50,802,967)	50,433,760	**163,134,122**	50,503,033
Accommodation payment	25.2	**1,872,522**	9,007,084	2,891,501	**(62,484,708)**	(60,612,186)
Associates						
Advances to (collections)	25.1	**632,726**	(16,907)	49,504	**665,323**	32,597
Key Management Personnel						
Sale of real estate	25.5	**4,870,084**	-	39,075,750	**49,911,322**	45,041,238
Compensation	25.6	**150,137,277**	122,750,352	94,966,157	**-**	-

Based on management's assessment, no impairment loss is required to be provided on the Company's receivables from related parties as at December 31, 2022 and 2021. The cash advances to and from related parties are noninterest-bearing, unsecured, due on demand and are expected to be settled in cash or offsetting of accounts within one year from end of the reporting period. 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 follow.

25.1 Advances to Related Parties

The Company grants cash advances to shareholders, entities under common ownership, subsidiary, associates, and joint ventures. An analysis of such advances in 2022 and 2021 is presented as follows.

	Entities Under Common Ownership	Subsidiaries	Associates	Total
Balance at January 1, 2022	P 34,679,398	P 974,773,695	P 32,597	P 1,009,485,690
Advances	2,869,851	619,862,008	3,251,144	625,983,003
Collections	(10,882)	(151,339,988)	(2,618,418)	(153,969,288)
Balance at December 31, 2022	**P 37,538,367**	**P 1,443,295,715**	**P 665,323**	**P 1,481,499,405**
Balance at January 1, 2021	P 21,901,000	P 305,480,062	P 49,504	P 327,430,566
Advances	20,189,060	779,935,867	-	800,124,927
Collections	(7,410,662)	(110,642,234)	(16,907)	(118,069,803)
Balance at December 31, 2021	P 34,679,398	P 974,773,695	P 32,597	P 1,009,485,690

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest bearing, are presented as Due from related parties in the statements of financial position.

25.2 Advances from Related Parties

In 2017, the Company assumed the development of Astra Center Project and acknowledged its obligation to ASF amounting to P59,610,753 for the development cost it incurred. The outstanding balance of the Company's payable to related parties amounted to P62,484,708 and P60,614,686 as at December 31, 2022 and 2021, respectively and is presented as Due to related parties under of Trade and other payables in the statements of financial position (see Notes 16).

25.3 Purchases of Condominium Units

The Company purchased condominium units that are still under construction from GGTT in 2021 and from BL Ventures in 2017. Contract prices of the purchased units from GGTT and BL Ventures amounted to P78,308,543 and P172,711,550, respectively. In 2022, payments to GGTT and BL Ventures for such purchases amounted to nil, and P115,601,222, respectively.

As at December 31, 2022 and 2021, the outstanding balance of the deposit for purchased properties from GGTT and BL Ventures amounted to P163,134,122 and P50,503,033, respectively, which is presented, net of input VAT, as Deposits for purchased properties in the statements of financial position (see Note 13).

25.4 Sale of Real Estate to Ultimate Parent Company

In 2022, 2021 and 2020, the Company sold condominium units to the Ultimate Parent Company amounting to P5,902,641, nil and P41,538,000, respectively. The outstanding balance related to this transaction is presented as part of Contracts receivable under the Receivables account in the statements of financial position (see Note 5).

25.5 Sale of Real Estate to Key Management Personnel

In 2022, 2021 and 2020, the Company sold condominium units totaling P4,870,084, nil and P39,075,750, respectively, to key management personnel. The outstanding balance related to these transactions amounts to P49,911,322 and P45,041,238 as at December 31, 2022 and 2021, respectively. These are presented as part of Contract receivables under the Receivables account in the statements of financial position (see Note 5).

25.6 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2021, 2020 and 2019 are shown below.

	2022	2021	2020
Short-term benefits	**P 142,201,016**	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 150,137,277	P 122,750,352	P 94,966,157

25.7 Retirement Fund

The Company'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 23.3). The plan assets do not comprise investment in any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

26. EQUITY

26.1 Capital Stock

Details of the Company's authorized capital stock as at 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
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	**(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 Company had a successful initial public offering of 430,000,000 unissued common shares at an offer price of P5.00 per share, which is equivalent to P2,150,000,000 on June 2, 2017. Accordingly, the Company recognized additional paid-in capital of P1,608,917,974 in the statements of financial position after deducting the related share issuance costs of P111,082,026.

On November 24, 2020, the 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 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. This will 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 Company's stockholders on February 26, 2021.

On May 21, 2021, the SEC approved the 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 Company distributed stock dividends of 1,909,451,997 common shares with a par value of P1.00 or P1,909,451,997 (see Note 26.4). 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 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 Company has no other listed securities as at December 31, 2022 and 2021.

26.2 Treasury Shares

An analysis of treasury shares as at December 31, 2022 and 2021, respectively is shown below.

	Shares		Amounts	
	2022	2021	**2022**	2021
Balance at beginning of year	**161,600,000**	159,000,400	**P 748,171,901**	P 732,851,016
Re-issuance of shares	**(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 Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 27, 2020, the BOD of the 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 Company reacquired 2,599,600 shares of its common stock in 2021 for P15,320,885 and presented them as Treasury Stock in the statements of financial position. No additional shares reacquired in 2022.

In 2022, the Company has reissued 3,349,470 treasury shares as a result of exercise of the same number of stock options (Note 26.3).

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 Company that is held under nominee accounts totaled 1,307,052,405 shares and 1,310,696,135 shares as at December 31, 2022 and 2021, respectively. This represents 36% of the Company's outstanding shares both as at December 31, 2022 and 2021.

26.3 Employee Share Option

On October 6, 2021, the BOD of the Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the 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 Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the 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 Company treasury shares (see Note 26.2).

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 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 23.1), while the corresponding credit to Share Options Outstanding account is presented as under the Equity section of the statements of financial position.

26.4 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the statements 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	23.3	**(577,372)**	435,092	(8,991,642)
Tax income (expense)	24	**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)

26.5 Retained Earnings

a) Cash Dividends

On February 19, 2020, the BOD declared cash dividend of P0.20 per share or a total amount of P414,795,000 to stockholders on record as of April 3, 2020 and was paid on April 30, 2020.

On March 15, 2021, the 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 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	Releases	Additions	December 31, 2022
Funding of CLI's Projects				
Mivela Garden Residences	P -	P -	P 407,113,996	P 407,113,996
Casa Mira Towers Mandaue	87,799,633	(87,799,633)	-	-
Casa Mira and Velmiro Homes Davao	22,346,012	(22,346,012)	-	-
Cebu Business Park Office/ Hotel Tower	32,762,848	(32,762,848)	-	-
Abaca Resort Mactan	-	-	392,233,257	392,233,257
Mactan Lowaii Project	29,141,419	(29,141,419)	551,585,305	551,585,305
Casa Mira Towers Bacolod	-	-	567,099,274	567,099,274
Masters Tower	-	-	623,204,981	623,204,981
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 Tolo-tolo Consolacion	-	-	234,736,164	234,736,164
	P 172,049,912	**(P 172,049,912)**	**P 3,931,475,893**	**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

In 2022 and 2021, the Company released the appropriated retained earnings in 2021 and 2010 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 was released to unappropriated retained earnings after the distribution of stock dividends by the Company on July 14, 2021.

On December 6, 2022, the BOD approved the appropriation of P3,931,475,893 retained earnings for various projects. Details of the appropriation are as follows:

- P567,099,274 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Casa Mira Towers Bacolod T1 & T2", an economic vertical project located in Brgy. Bata, Bacolod City, Negros Occidental, which commenced in Q1 2022 and is expected to be completed by Q3 2025;

- P551,585,305 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Costa Mira Beachtown Mactan", a high-end vertical residential project located in Mactan, Cebu, which commenced in Q3 2022 and is expected to be completed by Q2 2026;

- P623,204,981 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Masters Tower", a vertical hospitality project located in Cebu Business Park, Cebu City, which commenced in Q2 2021 and is expected to be completed by Q4 2025;

- P407,113,996 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Mivela Garden Residences", a mid-market vertical residential project located in Banilad, Cebu City, which commenced in Q2 2020 and is expected to be completed by Q2 2023;

- P392,233,257 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Abaca Resort", a vertical resort project located in Mactan, Cebu, which commenced in Q3 2021 and is expected to be completed by Q4 2024;

- P338,758,725 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Patria de Cebu", a mixed-use development project located in P. Burgos St., Cebu City, which commenced in Q4 2019 and is expected to be completed by Q2 2024;

- P274,708,994 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Casa Mira Towers Guadalupe", an economic residential vertical project composed of three (3) towers located in V. Rama Avenue, Brgy. Guadalupe, Cebu City, which commenced on Q3 2018 (Tower 1), Q4 2020 (Tower 2), and Q3 2021 (Tower 3), respectively, and are expected to be completed by Q1 2023 (Tower 1), Q3 2023 (Tower 2), and Q4 2024 (Tower 3), respectively;

- P271,901,531 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Casa Mira Towers – LPU", an economic residential vertical project located in Brgy. Sasa, Davao City, which commenced in Q2 2021 and is expected to be completed by Q2 2023;

- P270,133,666 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Casa Mira Towers CDO", an economic vertical residential project located in Brgy. Kauswagan, Cagayan de Oro City, Misamis Oriental, which commenced in Q3 2019 and is expected to be completed by Q4 2022; and

- P234,736,163 for the capital expenditures, financing costs, and other related development costs that the Corporation expects to incur next year (2023) for "Velmiro Tolo-Tolo Consolacion", a mid-market horizontal residential project located in Brgy. Tolotolo, Municipality of Consolacion, Cebu which commenced in Q1 2023 and is expected to be completed by Q1 2027.

In 2021, no appropriation has been made by the Company.

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 Company's proposed increase in authorized common stock and of which portion will be issued through stock dividend (see Note 25.1).

- P1,400,000,000 for the capital expenditures, financing costs, and other related development costs of certain projects that the 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.

27. COMMITMENTS AND CONTINGENCIES

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

27.1 Operating Lease Commitments – Company as Lessor

The Company is a lessor under several operating leases covering investment properties (see Note 12). The leases have terms ranging from one to five years, with renewal options, and include annual escalation from 3.00% to 10.00%. The future minimum lease receivables under these agreements are presented below.

	2022	2021	2020
Within one year	**P 54,686,546**	P 54,346,158	P 53,712,626
After one year but not more than five years	**111,708,198**	102,938,930	71,468,344
More than five years	**92,651,746**	116,723,431	118,400,559
	P 259,046,490	P 274,008,519	P 243,581,529

Rental income amounted to P75,752,573, P67,989,495 and P61,528,393 in 2022, 2021 and 2020, respectively (see Note 12 and 17.1). None of the rental income in 2022, 2021 and 2020 are relating to variable lease payments. Outstanding rent receivables as at December 31, 2022 and 2021 and are shown as Rent receivable under the Receivables account in the statements of financial position (see Note 5).

27.2 Operating Lease Commitments – Company as Lessee

The Company 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 P13,212,227, P15,121,820 and P11,065,601 in 2022, 2021 and 2020, respectively, and is shown as Rent under Operating Expenses in the statements of profit or loss (see Note 19).

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.

27.3 Completion of Sold Units

The Company is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Company recognized a contract liability, which amounts to P297,852,532 and P353,200,147 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 17.2).

27.4 Purchase of Land

In 2022, the Company 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 for about P121,996,729. There were no such commitments as at December 31, 2021.

27.5 Capital Commitments

As at December 31, 2022 and 2021, the Company has capital commitments of about P3,997,304,687 and P5,829,213,416, respectively, for the construction of condominium and subdivision projects.

27.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the 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 Company's financial statements.

28. 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.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 30. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Company is exposed to are described as follows.

29.1 Market Risk

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

The Company has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

The Company has no significant interest rate risk exposure as most of its interest-bearing financial assets and liabilities bear fixed interest rates.

29.2 Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Company 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 Company 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	4	**P 465,354,066**	P 330,793,238
Receivables*	5	**2,582,923,943**	3,996,418,473
Contract assets	17.2	**25,386,768,172**	16,256,159,124
Due from related parties	25.1	**1,481,499,405**	1,009,485,690
Short-term investments	8	**101,034,408**	149,901,854
Refundable deposits	13	**113,438,998**	86,691,321
		P 30,131,018,992	P 21,829,449,700

* *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 2,096,650,909	P 5,077,139,665	P -
Contract assets	25,386,768,172	44,346,182,422	-
	P 27,483,419,081	**P 49,423,322,087**	**P -**
2021			
Contract receivables	P 3,697,017,615	P 7,853,276,713	P -
Contract assets	16,256,159,124	35,539,865,028	-
	P 19,953,176,739	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 Company's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Company'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 Company's receivables and contract assets, net of allowance for impairment, is shown below.

	2022	2021
Cebu	**P 13,236,787,310**	P 9,989,786,107
Visayas	**7,969,747,027**	5,641,318,497
Mindanao	**6,276,782,395**	4,321,905,769
Luzon	**102,349**	166,366
	P 27,483,419,081	P 19,953,176,739

(c) Credit quality

The Company 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 Company.

	2022					
	Neither past due not impaired			**Past due but**	**Individually**	
	High grade	**Standard grade**	**Unrated**	**not impaired**	**impaired**	**Total**
Cash	P 465,354,066	P -	P -	P -	P -	P 465,354,066
Receivables						
Contract	-	2,095,093,500	-	-	-	2,095,093,500
Others	-	-	487,830,443	-	-	487,830,443
Contract assets	-	25,386,768,172	-	-	-	25,386,768,172
Due from related parties	-	-	1,481,499,405	-	-	1,481,499,405
Short-term investments	101,034,408	-	-	-	-	101,034,408
Refundable deposits	-	-	113,438,998	-	-	113,438,998
	P 566,388,474	**P27,481,861,672**	**P 2,082,768,846**	**P -**	**P -**	**P30,131,018,992**

	2021					
	Neither past due not impaired			Past due but	Individually	
	High grade	Standard grade	Unrated	not impaired	impaired	Total
Cash	P 330,793,238	P -	P -	P -	P -	P 330,793,238
Receivables						
Contract	-	3,697,017,615	-	-	-	3,697,017,615
Others	-	-	299,400,858	-	-	299,400,858
Contract assets	-	16,256,159,124	-	-	-	16,256,159,124
Due from related parties	-	-	1,009,485,690	-	-	1,009,485,690
Short-term investments	149,901,854	-	-	-	-	149,901,854
Refundable deposits	-	-	86,691,321	-	-	86,691,321
	P 480,695,092	P19,953,176,739	P 1,395,577,869	P -	P -	P21,829,449,700

29.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored 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. Management maintains enough cash to meet the Company's liquidity. Excess cash are invested in short-term placements.

As at December 31, 2022 and 2021, the Company'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 6,156,471,789	P 2,043,253,024	P18,696,834,007	P 6,521,406,969
Bonds payable	168,742,525	168,742,525	3,849,718,073	2,423,031,648
Trade and other payables*	6,689,182,884	5,396,153,649	161,965,830	-
	P13,014,397,198	**P 7,608,149,198**	**P22,708,517,910**	**P 8,944,438,617**
December 31, 2021				
Interest-bearing loans and borrowings	P 4,333,609,004	P 2,850,227,160	P15,516,973,294	P 7,337,372,974
Trade and other payables*	2,759,983,190	4,946,268,676	129,280,893	-
	P 7,093,592,194	P 7,796,495,836	P15,646,254,187	P 7,337,372,974

**Trade and other payables exclude output VAT, government-related obligations and advance rental.*

The foregoing contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

30.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are presented as follows.

		2022		2021	
	Notes	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	**P 465,354,066**	**P 465,354,066**	P 333,090,459	P 333,090,459
Receivables - net[1]	5	**2,582,923,943**	**2,582,923,943**	3,996,418,473	3,996,418,473
Due from related parties	25.1	**1,481,499,405**	**1,481,499,405**	1,009,485,690	1,009,485,690
Short-term investments	8	**101,034,408**	**101,034,408**	149,901,854	149,901,854
Refundable deposits	13	**113,438,998**	**113,438,998**	86,691,321	86,691,321
		P 4,744,250,820	**P 4,744,250,820**	P 5,575,587,797	P 5,575,587,797
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowing	14	**P 29,453,443,408**	**P 27,278,278,881**	P 26,910,209,391	P 26,129,944,973
Bonds payable	15	**4,930,582,631**	**5,074,171,211**	-	-
Trade and other payables[2]	16	**12,247,302,363**	**12,247,302,363**	7,835,532,759	7,835,532,759
		P 46,631,328,402	**P 44,599,752,455**	P 34,745,742,150	P 33,965,477,732

[1] *Receivables - net excludes advances to subcontractors and advances to officers and employees.*
[2] *Trade and other payables excludes output VAT, government-related obligations and advance rental.*

See Note 2.4 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		
	Financial assets	Financial liability set off		Financial instruments	Cash collateral received	Net amount
December 31, 2022						
Cash and cash equivalents	P 473,839,940	P -	P 473,839,940	P 427,494,831	P -	P 46,345,109
Short-term investments	101,034,408	-	101,034,408	101,034,408	-	-
Total	**P 574,874,348**	**P -**	**P 574,874,348**	**P 528,529,239**	**P -**	**P 46,345,109**
December 31, 2021						
Cash and cash equivalents	P 333,090,459	P -	P 333,090,459	P 288,860,700	P -	P 44,229,759
Short-term investments	149,901,854	-	149,901,854	149,901,854	-	-
Total	**P 482,992,313**	**P -**	**P 482,992,313**	**P 438,762,554**	**P -**	**P 44,229,759**

The following financial liabilities with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	Net amount
December 31, 2022						
Interest-bearing loans	**P 29,453,443,409**	**P -**	**P 29,453,443,409**	**P 528,529,239**	**P -**	**P 29,981,972,648**
December 31, 2021						
Interest-bearing loans	**P 26,910,209,391**	**P -**	**P 26,910,209,391**	**P 438,762,554**	**P -**	**P 26,471,446,837**

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties and contractors) 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.

30.3 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 Company, 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 Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities, which are not measured at fair value in the 2021 and 2020 statements of financial position, but for which fair value is disclosed (see Note 30.1).

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	P 473,839,940	P -	P -	P 473,839,940
Receivables - net	-	-	2,582,440,663	2,582,440,663
Due from related parties	-	-	1,463,669,209	1,463,669,209
Short-term investments	101,034,408	-	-	101,034,408
Refundable deposits	-	-	113,438,998	113,438,998
	P 574,874,348	**P -**	**P 4,159,548,870**	**P 4,734,423,218**
Financial liabilities				
Interest-bearing loans	P -	P -	P29,453,443,409	P29,453,443,409
Bonds payable			4,930,582,631	4,930,582,631
Trade and other payables	-	-	12,367,954,661	12,367,954,661
	P -	**P -**	**P46,631,328,402**	**P46,631,328,402**

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	P 333,090,459	P -	P -	P 333,090,459
Receivables - net	-	-	3,996,418,473	3,996,418,473
Due from related parties	-	-	1,009,485,690	1,009,485,690
Short-term investments	149,901,854	-	-	149,901,854
Refundable deposits	-	-	86,691,321	86,691,321
	P 482,992,313	**P -**	**P 5,092,595,484**	**P 5,575,587,797**
Financial liabilities				
Interest-bearing loans	P -	P -	P26,910,209,391	P26,910,209,391
Trade and other payables	-	-	7,835,532,759	7,835,532,759
	P -	**P -**	**P34,745,742,150**	**P34,745,742,150**

For the Company'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 because, except for interest-bearing loans, of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Company 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 12.

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 properties	**P -**	**P 2,249,305,000**	**P 8,667,747,491**	**P10,917,052,491**
December 31, 2021				
Investment properties	P -	P 2,509,272,000	P 4,883,051,227	P 7,392,323,227

In 2022 and 2021, the fair value of the Company's Investment Properties [see Note 3.2*(h)*] are 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 Company'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 Company, 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.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company'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 Company monitors capital on the basis of the carrying amount of equity as presented in the 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	**P34,384,026,039**	P 26,910,209,391
Total equity	**13,619,658,508**	10,923,039,660
Debt-to-equity ratio	**2.52:1.00**	2.46:1.00

The Company's goal in capital management is to limit a maximum interest-bearing debts to total equity structure ratio of 75:25 on a monthly basis (see Note 14). This is in line with the Company's compliance with requirement of the BOI and banks.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company 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 Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years ended December 31, 2022 and 2021.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans (see Note 14)	Lease Liabilities (see Note 11)	Bonds Payable (see Note 15)	Total
Balance as of January 1, 2022	P26,910,209,391	P 834,573,823	P -	P27,744,783,214
Cash flows from financing activities				
Additional borrowings – net	9,978,618,073	-	4,926,627,631	14,905,245,704
Repayments	(7,524,170,278)	-	-	(7,524,170,278)
Non-cash financing activities				
Amortization of debt issue cost	88,786,222	-	3,955,000	92,741,222
Interest amortization on lease obligation	-	60,643,316	-	60,643,316
Additional lease liabilities	-	52,874,045	-	52,874,045
Balance at December 31, 2022	**P29,453,443,408**	**P 948,091,184**	**P 4,930,582,631**	**P 35,332,117,223**
Balance as of January 1, 2021	P19,135,019,268	P 828,252,812	P -	P19,963,272,080
Cash flows from financing activities				
Additional borrowings – net	12,999,276,695	-	-	12,999,276,695
Repayments	(5,288,736,576)	-	-	(5,288,736,576)
Non-cash financing activities				
Amortization of debt issue cost	64,650,004	-	-	64,650,004
Interest amortization on lease obligation	-	(6,321,011)	-	(6,321,011)
Balance at December 31, 2021	P26,910,209,391	P 834,573,823	P -	P 27,744,783,214
Balance as of January 1, 2020	P13,081,505,265	P 132,019,988	P -	P13,213,525,253
Cash flows from financing activities				
Additional borrowings	11,389,408,689	-	-	11,389,408,689
Repayments	(5,369,429,420)	(103,564,542)	-	(5,472,993,962)
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	33,534,734	-	-	35,534,734
Balance at December 31, 2020	P19,135,019,268	P 828,252,812	P -	P 19,963,272,080

33. 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 Company sustained damages in its projects and properties in Cebu and reported calamity damages, net of estimated insurance claims, amounting to P89,558,963, in the 2021 statement of profit or loss (see Note 20.2).

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, the Company 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.

34. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Following is the supplementary information which is required by the Bureau of Internal Revenue under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

a) Output VAT

In 2022, the Company declared output VAT as follows relating to sale of real estate:

	Tax Base	Output VAT
Taxable sales	P2,125,898,059	P 255,107,767
Exempt sales	2,437,166,839	-
Zero-rated services	23,908,623	-
	P4,586,973,521	**P 255,107,767**

The Company's taxable real estate sales (at 12% and 0%) and VAT exempt real estate sales were determined pursuant to Section 106, *VAT on Sale of Goods or Properties* and Section 109, *VAT-Exempt Transactions*, of the 1997 NIRC, as amended.

The tax base for the real estate sales is based on the provisions under the VAT regulations (installment plan or deferred payment basis); hence, may not be the same as the amounts reported in the 2022 profit or loss of the Company for financial reporting purposes.

b) *Input VAT*

The movements in input VAT for the year ended December 31, 2022 are summarized below.

Balance at beginning of year	P	306,018,967
Goods for resale/manufacture or further processing		209,372,792
Services lodged under cost of goods sold and other accounts		447,360,924
Capital goods subject to amortization		1,903,592
Capital goods not subject to amortization		22,826,351
Services rendered by non-residents		198,308
Input tax on sale to government		
Allocable to exempt sales	(	254,596,257)
Applied against output VAT	(	255,107,767)
Balance at end of year	**P**	**477,976,910**

c) *Taxes on Importation*

The Company does not have any landed cost, customs duties and tariff fees on importation since it does not have importations during 2022.

d) *Excise Tax*

The Company did not have any transactions in 2022 which are subject to excise tax.

e) *Documentary Stamp Tax (DST)*

For the year ended December 31, 2022, the Company paid and accrued DST amounting to P199,455,744. Details of DST in 2022 are as follows:

Loans/Bonds/Mortgage	P	118,613,221
Conveyance of properties		42,828,300
Rentals		38,014,223
	P	**199,455,744**

The Company capitalized P118,613,221 of the documentary stamp tax as deduction of the interest-bearing loans.

f) Taxes and Licenses

Details of taxes and licenses in 2022 are as follows:

DST	P	80,842,523
Business Taxes and Permits		28,920,740
City Treasurer's Office		25,230,800
Real property tax		23,641,212
Land Registration Authority		23,393,413
Registry of Deeds		6,107,675
Bureau of Internal Revenue		6,086,335
Transfer taxes		2,208,465
Securities and Exchange Commission		2,046,935
Bureau of Fire Protection		1,651,430
Pag-IBIG processing fee		417,732
Others		8,013,227
	P	**208,560,487**

g) Withholding Taxes

Details of total withholding taxes for the year ended December 31, 2022 are as follows:

Expanded	P	290,474,439
Compensation and employee benefits		71,812,334
Final		27,528,458
	P	**389,815,231**

h) Deficiency Tax Assessments and Tax Cases

As at December 31, 2022, the Company does not have any final deficiency tax assessments from BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in the open taxable years.