COVER SHEET

C	S	2	0	0	3	2	1	2	4	0

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)

Atty. John Edmar G. Garde
Contact Person

(032) 231-4870
Company Telephone Number

12 Month **31** Day

17-Q
Form Type

06 Month **01** Day

Annual Stockholders' Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

24
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, B2 L3,
JOSE MA. DEL MAR ST.,
CEBU IT PARK, APAS, CEBU CITY

(Company Address)

(032) 231-4870

(Telephone Number)

September 30, 2023

(Quarter Ended)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

CEBU LANDMASTERS
We Build with You in Mind

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE

SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended Sept 30 , 2023
2. Commission 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 the issuer's principal office and postal code:

   10TH FLOOR, PARK CENTRALE, B2 L3, JOSE MA. DEL MAR ST., CEBU IT PARK, APAS, CEBU CITY
   Postal code: 6000

9. Issuer's telephone number, including area code: (032) 231-4870
10. Former name, former address, former fiscal year: Not applicable
11. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class		Number of shares issued and outstanding
COMMON SHARES		3,465,201,467

Stock Exchange: Philippine Stock Exchange

Securities listed: Common shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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 90 days:
Yes [x]   No [ ]

CEBU LANDMASTERS
We Build with You in Mind

I. MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Cebu Landmasters, Inc. (CLI) has continued to exemplify unwavering commitment to excellence and innovation in the real estate sector within the Visayas and Mindanao regions. The year 2023 marks another milestone in our journey, reflecting sustained growth, industry recognition, and market dominance.

Foundations of Success:
CLI was established in 2003 by our visionary founder, Jose R. Soberano III, with a resolute mission to provide quality homes for everyday Filipinos. This vision has been the guiding force propelling CLI's trajectory, from its incorporation to the momentous listing on the Philippine Stock Exchange in 2017, symbolized by the "CLI" ticker.

Financial Performance:
In 2023, CLI continued its upward trajectory, recording remarkable financial achievements. Earnings exhibited a compelling 26% compounded annual growth rate, reaching an impressive 3.17 billion PHP. Notably, our assets soared 12.5 times since its IPO, marking a substantial growth to 80 billion PHP, attesting to its prudent investments and operational acumen.

Market Position and Recognition:
CLI’s unyielding dedication to excellence has been acknowledged through prestigious accolades, including Best Developer of the Philippines in 2019, Best Developer in Visayas and Mindanao in 2021 and 2022, and Best Developer in Mindanao in 2023. These recognitions, earned at the PPA and Asia Property Awards, testify to the company’s unwavering commitment to quality and innovation, triumphing over industry stalwarts.

Market Dominance and Independent Validation:
In 2023, an independent study by Colliers International reaffirmed CLI's unrivaled position in the VisMin real estate market. The study identified CLI as the top residential developer in the region, boasting the largest market share among real estate firms. Holding a commanding 23% overall residential share in net take-up value, CLI continues to dominate key VisMin cities, a testament to our market presence and consumer confidence.

Outlook and Growth Strategies:
CLI’s vision extends beyond the present achievements. The company remains steadfast in its pursuit of expansion and innovation. Their robust growth strategies aim to further solidify our market dominance, foster strategic partnerships, and explore new avenues for sustainable development and community enhancement.

The year 2023 is a testament to CLI’s unwavering commitment to pioneering excellence, innovation, and sustainable growth. With a firm foundation, industry recognition, and a strategic vision, CLI stands poised to lead the real estate landscape, offering quality living spaces that resonate with the aspirations of everyday Filipinos.

COMPANY MILESTONES

Throughout the initial nine months, CLI launched a total of eight projects valued at P15 billion. Part of the launch is the introduction of the Mirani brand addressing the needs of the low-income segment, offering residences priced between 1.9Mn to 2.9Mn. Another notable project launch is Mindara Residences which experienced an exceptional market response, with almost selling out 546 of its units, amassing Php 2.5 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Davao, which has achieved an impressive 95% sales milestone. Other project launches include Casa Mira Towers Mandaue T1, Mandtra T2, CMT Palawan T4, CMT Bacolod T4, Casa Mira Homes Davao, and Costa Mira Panglao T3, further diversified CLI's offerings. This substantial fresh inventory , coupled with the continued high demand for the acclaimed Casa Mira brand, propelled CLI to achieve its highest 9-month reservation sales figure, surging by 25% to reach P17 billion during this period.

Davao projects accounted for the majority of the sales with 42% of the total, Cebu with 26%, Bohol with 13%, Bacolod with 9% and Palawan with 7% while Dumaguete, Iloilo, Ormoc, and CDO contributed the remaining of the total sales.

In terms of market segment, Casa Mira - Economic brand led the market with 52% of total sales, primarily from Casa Mira Davao, Casa Mira Danao and Casa Mira Towers in Palawan & Bacolod.

To date, CLI has already sold out 93% of its inventory across all projects in various phases of development, enabling the company to continue to expand its unrecognized revenue to 30 billion, up from 29.3 billion as of the end of 2022.

For the next months in 2023, CLI will be launching more developments from its 11 pipeline projects worth ₱23 billion.

The company has invested P10.4 billion in capital projects so far this year, 86.7% of which went towards project development, and 6.2% spent for land acquisition, CLI is expanding in Mindanao by most recently purchasing 21 hectares in General Santos City, increasing its landbank to 112.5 hectares with a total value of P9.8 billion. With this acquisition, CLI is serving the region's robust and consistent housing demand, being present in 16 key VisMin cities.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This joint venture is geared towards the development of premium-grade residential towers in the heart of Cebu City.

During the year, CLI also received various recognitions starting with the 5-Star BERDE Certification which was officially turned over by the Philippine Green Building Council, led by their CEO, Mr. Chris de la Cruz. Latitude Corporate Center is the FIRST 5-Star BERDE Certified Office Building in Cebu City, with its iconic design masterfully crafted for great businesses.

Furthermore, BCI Asia Philippines once again recognized the company as one of the Top 10 Developers in the Philippines for 2023, making this the sixth year in a row that it has won. This acknowledgment reinforces the company's dedication to delivering creative and sustainable developments.

The 2023 Asia-Pacific Stevie Awards have also recognized Cebu Landmasters Inc. as one of the Bronze Stevie Winners for Innovative Achievement in Corporate Social Responsibility. This distinction represents the company's unwavering dedication to sustainability and exceptional efforts in improving the environment and society at large.

Lastly, In Sept 28 2023, CLI was awarded with 2 Golden Arrows by the institute of Corporate Directors (ICD). Companies with exemplary corporate governance were honored in the 2023 ACGS and CGS Golden Arrow Recognition, carried out by the Institute of Corporate Directors (ICD) at Okada Manila Hotel.

CLI's unwavering commitment to innovation and excellence underscores its continual strides towards becoming the premier developer in VisMin. Through dedicated efforts in refining strategies, embracing technological advancements, and fostering a culture of excellence, CLI remains resolutely positioned at the forefront of the region's development landscape. This dedication to surpassing benchmarks and setting new industry standards is ingrained in our annual ethos, driving our pursuit of becoming the unequivocal leader in the VisMin region's real estate development industry.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION
January 1 to September 30, 2023 vs January 1 to September 30, 2022

Cebu Landmasters, Inc. consolidated net income increased to ₱3 billion for the period ended September 30, 2023, a Y-O-Y 28% increase from ₱2.4 billion. While NIAT to parent posted a solid 9% increase to reach ₱2.4 billion from ₱2.2 billion. Earnings grew as a result of strong performance across all revenue streams, which led to CLI's consolidated revenue to increase by 18% to ₱12.93 billion from ₱10.96 billion the previous year. This is supported by higher construction progress and take-up of new launches that also led to record breaking nine months reservation sales, which also grew 25% Y-O-Y. Using the weighted average shares of 3,465,201,467, this led to earnings per share for the 9 months of ₱0.98 vs same period of last year of ₱0.92.

<u>REVENUES</u>

Real estate sales

Real estate sales recorded a significant 17% year-over-year increase in revenue to ₱12.7 billion from ₱10.8 billion. Higher construction progress and more units that qualified for revenue recognition were the causes of the reported improvement.

In terms of location, Cebu still is the strongest contributor of revenue which accounted for 46% of its overall figure. Visayas (ex-Cebu) and Mindanao contributed 27% and 25%, respectively. The increase in share in revenue outside Cebu were driven by new projects such as East Village Residences, Casa Mira Towers Bacolod, Casa Mira Towers Palawan and Costa Mira Beach Panglao.

Revenue per Market segment reported the following performance:

Premier Masters (Premier market) recorded revenue of ₱ 3.94 billion, an increase of 63% y-o-y from ₱2.4 billion mainly driven by the new revenue qualifications from Costa Mira Beachtown Mactan and Panglao, Calle 104, Citadines Paragon and One Paragon Place.

Garden Series (Mid-market), likewise grew 10% y-o-y from ₱3.3 billion to ₱3.63 billion. The increase was steered by The East Village, the first residential project of CLI's Davao Global Township (DGT) and Mandtra Residences in Cebu.

Casa Mira Series (Economic market) reported a stable revenue of ₱5 billion, driven by Casa Mira South Ph3A2 , Casa Mira Towers LPU Davao, Casa Mira Iloilo, Casa MiraTowers CDO and Casa Mira Towers Mandaue.

The Company expects to grow real estate revenue contribution from projects newly launched during the period.

Leasing

The company experienced a substantial growth in rental revenues, reaching ₱77 million, a notable 43% year-on-year surge from ₱54 million. This upturn was predominantly driven by a blend of augmented lease rates and the revenue influx from recently completed projects. Notably, as of the nine months of 2023, CLI has significantly expanded its Gross Leasable Area to 35,772 square meters, marking a remarkable 19% increase from the previous quarter's 30,006 square meters. This surge is attributed to the successful turnover of Banilad Highstreet and Drive-Thru spaces in Davao Global Township, currently boasting impressive lease rates of 70% and 100%, respectively. These developments stand as pivotal contributors to CLI's upward trajectory and burgeoning success in the market.

Hotel operations

The resurgence in the travel and leisure sector served as a powerful catalyst for CLI's hotel operations, resulting in a remarkable upsurge in revenue. Notably, the hotel operations soared to generate ₱98 million, a striking leap from ₱55 million during the same period in the previous year, marking a robust 78% growth. This impressive increase was primarily fueled by a surge in bookings and elevated room rates, particularly evident in Citadines Cebu City.

Looking ahead, in the upcoming fourth quarter of this year, the company is slated to turn over a portion of rooms from The Pad and Baseline Lyf. This move is anticipated to significantly bolster the hotel's keys, escalating from 180 to 338. The remaining hotel keys of The Pad and Baseline Lyf are scheduled for completion in the first quarter of 2024, promising a substantial increase in revenue for the hotel operations in the following year. Furthermore, with seven additional hotels currently under construction, CLI is strategically positioning itself to further capitalize on the burgeoning opportunities within the hospitality sector.

Management Fee

This included the project management fee that CLI charges for being the project manager on joint venture projects and the property management fee for CLI Property Management (CLIPMI) services provided to CLI's completed projects. During the year, the parent company's project management revenue reached ₱113.6 Million, these are fees charged to CLI’s joint venture companies for managing the development of the project. On the other hand, property management fees increased by 14% to ₱46 million, from ₱41 million in the same period last year, reflecting an increase in managed projects by the property arm.

COST AND EXPENSES

Cost of sales and services

In line with the growth in revenue performance, the company's cost of sales for the nine months ending September 30 2023, was reported at ₱6.8 billion, a 12% year-over-year increase from ₱6 billion.

Operating Expenses
Total operating expenses during the period amounted to ₱1.89 billion, a 19% y-o-y increase from ₱1.59 billion of the same period in 2022. The increase was mainly driven by commissions and incentives which grew by 36% to ₱743 million in line with the increase in revenue from real estate sales and robust sales performance during the period.

The company carefully balanced its debt mix of 65% fixed and 35% floating rates. Due to this, CLI is able to maintain its competitive rate of 6.46% despite an increase in benchmark rates. The stated rate, while being higher than the previous year, is nonetheless competitive when compared to current capital raising rates charged in the sector.

In October 7, 2022, CLI listed its first tranche of ₱15 billion bonds worth ₱5 Billion with the following tenors:

- Series A with a tenor of 3.5 years with a fixed rate of 6.4222%
- Series B with a tenor of 5.5 years with a fixed rate of 6.9884%
- Series C with a tenor of 7 years with a fixed rate of 7.3649%

The proceeds from the Bonds raised will extend the debt maturity of the company and lock in rates to address any interest rate risk brought about by the challenging macro environment.

NIAT ATTRIBUTABLE TO NON-CONTROLLING INTEREST (NCI)

For the period ended September 30, 2023, NIAT attributable to NCI increased substantially to ₱636 million from ₱168 million in 9M 2022. This growth is due to increasing contributions from new joint venture projects such as The East Village T1-T4 (YHEST) in Davao, Calle 104 T1-T2 (BL RAMOS) in Cebu and Costa Mira Beachtown Panglao in Bohol..

REVIEW ON THE COMPANY'S FINANCIAL CONDITION
As of September 30, 2023, vs December 31, 2022

CLI's balance sheet remains strong and healthy to support construction and expansion plans. As of September 30, 2023, CLI reported total assets of ₱97 billion, an increase of 14% from ₱85.04 billion as of December 31, 2022 driven by progress in construction from sold units

ASSETS
6% decrease in Cash and Cash equivalents
Due to payments on loans such as Retail Bonds, Corporate Notes 1 and Project Term Loans as well as other payables to contractors and suppliers.

35% decrease in Receivables (including non-current portion)
Declined from ₱3.68 billion to ₱2.41 billion due to collections from completed projects.

28% increase in Contract assets (including non-current portion)
Increase to ₱40.95 billion from ₱31.98 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.

4% increase in Real Estate Inventory
from ₱18.31 billion to ₱19.11 billion mainly due to increased building cost, new land acquisitions and higher construction progress of the company's projects.

88% decrease in Deposit on land for future development
from ₱130 million to ₱15.34 million mainly due to the transfer to raw land inventory

59% increase in Due from related parties
from ₱35.80 million to ₱56.84 million due to transactions paid by CLI (Parent) on behalf of its related parties.

35% increase in Prepayments and other current assets
from ₱4.96 billion to ₱6.72 billion due to advances to subcontractors & suppliers on newly awarded projects.

31% increase in Property and Equipment
from ₱4.81 billion to ₱6.30 billion due to the construction of new offices and branches to support CLI's expanding developments.

2% decrease in Right of use asset
from ₱1.17 billion to ₱1.14 billion due to amortization of high-value leasehold rights

2% increase in Investment Properties
from ₱17.88 billion to ₱18.02 billion attributed to ongoing construction of recurring income generating projects such as Masters Tower, Abaca Resort, Astra Corporate Center and Davao Global Township.

43% decrease in non-current assets
from ₱648.82 million to ₱369.62 million due to significant decrease in advances to contractors

LIABILITIES

13% increase in Interest-bearing loans and borrowings (including non-current portion)
from ₱40 billion to ₱45 billion due to new availments from project term loans

13% Increase in Trade Payables (including non-current portion) from ₱19.04 billion to ₱21.6 billion due to accruals made on unbilled costs to match with revenue recognized.

20% decrease in Contract Liabilities
from ₱718.61 million to ₱627.37 million due to an increase in collections from buyers coming from new project launches that are ahead of the stage of completion.

321% increase in Income Tax Payable
from ₱3.65 million to ₱15.35 million due to the accrual of income tax due for the period.

26% Deferred tax liabilities - net
from ₱3.03 billion to ₱3.81 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

20% increase in Parent Company's Retained Earnings
Due to the Net income recognized during the period.

I. KEY PERFORMANCE INDICATORS

The Cebu Landmasters Inc. (CLI or 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 efficiency, cost control and profitability across all its operations. Management considers the following as KPIs:

	YTD September 30, 2023	**YTD September 30, 2022**
Gross Profit Margin[1]	47%	45%
Net Income Margin[2]	23%	22%
EBITDA[3]	₱5.28 billion	₱3.84 billion
EBITDA Margin[4]	41%	35%
Interest Coverage Ratio[5]	4.26	3.63
	As of September 30, 2023	**As of December 31, 2022**
Return on Assets[6]	5%	5%
Return on Equity (Parent)[7]	25%	26%
Current Ratio[8]	1.57	1.61
Net Debt to Equity Ratio[9]	1.82	1.84

1. *Gross Profit Margin is gross profit as a percentage of revenues*
2. *Net Income Margin is consolidated 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. *Interest Coverage ratio is Interest coverage ratio is computed by dividing EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization) to interest paid during the period. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year*

6. *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.*
7. *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.*
8. *Current Ratio is current assets divided by current liabilities*
9. *Net Debt-to-Equity Ratio is interest bearing debt less cash and cash equivalents over total equity*
10. *Debt to Equity is interest bearing debt over total equity*

The Company's gross profit margin is dependent on the mix of revenue during the period. During the first nine months of 2023, 28% of the Company's topline was attributable to premier series projects which had a higher Gross Profit Margin compared to the other segments. Additionally, recurring projects showed a remarkable revenue recovery, these projects have Gross Profit Margins with over 50% to 60%. Meanwhile, Net Income Margin remains healthy at 23%.

Cebu Landmasters continue to implement cost efficiency measures that enabled the company to post stable and healthy margins despite the challenging market environment.

For the period ended September 30, 2023, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 25%. Net Debt to Equity ratio improved to 1.82x due to increased equity for Joint venture projects. The Company's current ratio projects ample liquidity at 1.57x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the high-inflation environment. As a result, CLI's financial position remains liquid and strong.

KPIS SUBJECT OF LOAN COVENANTS

The notes facility agreements to which CLI is a party require that it should maintain the following financial ratios, with testing to be done by the Facility Agent annually based on CLI's year-end audited consolidated financial statements:

a. a Debt-to-Equity Ratio not exceeding 2.5:1;
b. a Current Ratio of 1:1; and
c. Interest Coverage Ratio of at least 3:1.

"Debt-to-Equity Ratio" means the result obtained by dividing (i) the amount of interest-bearing liabilities of the Issuer by (ii) total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer; provided, that if the Issuer issues preferred shares which are (1) either redeemable at fixed date, or redeemable at the option of the holder of the preferred shares, and (2) the Issuer is obliged to make payments in the form of either interest or dividends, or the terms and conditions of the issuance of preferred shares oblige the Issuer to distribute a specific percentage of profits, then such preferred shares shall be categorized as liabilities falling under (i) hereof, otherwise, it shall be classified as part of Equity when computing the Debt-to-Equity Ratio. "Equity" means, at any date and as shown in the latest consolidated audited balance sheet of the Issuer, the aggregate of outstanding capital stock, additional paid-in capital, equity reserve and retained earnings.

"Current Ratio" means the proportion of Current Assets to Current Liabilities and is determined by dividing Current Assets by Current Liabilities. "Current Assets" means, at any date, the aggregate current assets as shown in the latest consolidated balance sheet of the Issuer (as at such date), prepared in compliance with accounting principles generally accepted in the Philippines as set forth in PFRS. “Current Liabilities” means, at any date, the aggregate current liabilities as shown in the latest consolidated balance sheet of the Issuer (as at such date), prepared in compliance with accounting principles generally accepted in the Philippines as set forth in PFRS.

For purposes of the covenant on Interest Coverage Ratio, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year. “EBITDA” means, during the relevant period, the net earnings of the Issuer before deducting net interest expense, income tax, depreciation, and amortization, as determined in accordance with PFRS and based on the Issuer’s consolidated audited financial statements.

II. OTHER INFORMATION

ITEM 1 2nd QUARTER 2023 DEVELOPMENTS

A. New Projects or Investments in another line of business or corporation. None

B. Composition of Board of Directors

Name	Position
Jose R. Soberano III	Chairman of the Board, CEO and President
Ma. Rosario B. Soberano	Director, Treasurer and Executive Vice-President
Jose Franco B. Soberano	Director, Chief Operating Officer and Executive Vice-President
Joanna Marie B. Soberano-Bergundthal	Director, Vice President for Marketing, Assistant Treasurer
Beauregard Grant L. Cheng	Director, Chief Financial Officer
Stephen A. Tan	Non-Executive Director
Rufino Luis Manotok	Independent Director
Ma. Aurora D. Geotina-Garcia	Independent Director
Atty. Ma. Jasmine S. Oporto	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management’s Discussion and Analysis.

D. Declaration of Dividends.

On March 20, 2023, the Board declared a regular and special cash dividend amounting to ₱0.15 per share and ₱0.03 per share totaling

₱623 million to stockholders on record as of April 18, 2023 and was paid on April 28, 2023.

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

As of June 30, 2023, the Company holds ownership interests in the following subsidiaries and associates:

Entity	Effective Percentage of Ownership 2023	2022
Subsidiaries		
CLI Premier Hotels Int'l. Inc. (CPH)	100	100
Cebu Landmasters Property Management, Inc. (CPM)	100	100
A.S. Fortuna Property Ventures, Inc. (ASF)	100	100
CLI Hotels and Resorts, Inc. (CHR)	100	100
BL CBP Ventures, Inc. (BL Ventures)	50	50
Yuson Excellence Soberano, Inc. (YES)	50	50
Yuson Huang Excellence Soberano, Inc. (YHES)	50	50
YHEST Realty and Development Corporation (YHEST)	50	50
CCLI Premier Hotels, Inc. (CCLI)	50	50
YHES Premier Hotels Inc. (YHESPH)	50	50
Mivesa Garden Residences, Inc. (MGR)	45	45
El Camino Developers Cebu, Inc. (El Camino)	35	35
Cebu Homegrown Developers, Inc. (CHDI)	50	50
Cebu BL-Ramos Ventures, Inc. (CBLRV)	50	50
GGTT Realty Corporation (GGTT)	50	50
CLI-LITE Panglao Inc. (CLI-LITE)	88	88
Ming-mori Development Corporation (MDC)	78	78
Sugbo Prime Estates (SPE)	64	64
Associates		
Icom Air Corporation (ICOM)	33	33
Magspeak Nature Park, Inc. (Magspeak)	25	25

CLI Premier Hotels Int'l. Inc. 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.

Cebu Landmasters Property Management, Inc., 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. The commercial operations started 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.

A.S. Fortuna Property Ventures, Inc. 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 at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

CLI Hotels and Resorts, Inc. 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.

BL CBP Ventures, Inc. 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 joint venture of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.

Yuson Excellence Soberano, Inc. was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a joint venture between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences. It will also engage in real estate brokering to facilitate the marketing and sale of the joint venture developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave. in Davao City.

Yuson Huang Excellence Soberano, Inc. was incorporated on November 10, 2017 to develop the Paragon Davao 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 joint venture 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.

YHEST Realty and Development, Inc. was incorporated on August 10, 2018 to develop the Davao Global Township. YHEST Realty and Development is a joint venture 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.

CCLI Premier Hotels, Inc. 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 the 2nd floor MesaVirre showroom in Bacolod City.

YHES Premier Hotels Inc. 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. THE SPH has not yet started its commercial operations.

Mivesa Garden Residences, Inc. 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. Its principal office is located at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.

EL Camino Developers Cebu, Inc. was incorporated on August 15, 2016 to develop a 1.17-hectare property inside the Cebu IT Park. 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.

Cebu Homegrown Developers, Inc., a joint venture of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex in Mandaue City, Cebu. The Company has a 50% stake in CHDI.

Cebu BL-Ramos Ventures, Inc. 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.

GGTT Realty Corporation 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. As of December 31, 2020, the transaction was accounted for by the Group as- an asset acquisition. In the first quarter of 2021, GGTT has started commercial operations, hence, was constituted as an acquisition of a business.

Icom Air Corporation was incorporated on December 7, 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-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 at Cebu City.

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.

Magspeak Nature Park, Inc. was incorporated on October 21, 2011 to acquire, lease and develop lands into nature and ecotourism parks in Balamban Cebu, and to manage and operate the same. CLI holds a 25% stake in Magspeak.

Ming-mori Development Corporation 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. MDC 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 subscribed to 20% in Ming-Mori Development Corporation.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

The Board of Directors of Cebu Landmasters, Inc. ("Company" or "CLI") during its Special Board meeting in 6 October 2021 has approved the Executive Stock Option Plan (ESOP) for qualified officers of CLI. This is a type of performance incentive, where options are granted to purchase the shares of the Company at a discount.

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) Encourage employees to align individual performance with Company objectives; and c.) 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 Php 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 6 months from the exercise date.

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

In April 12, 2022, CLI granted exercise of 3,349,000 and 470 CLI shares to beneficiaries/participants under CLI Executive Stock Option Plan sourced from the treasury shares of the Company at the market price of 2.98 and 3.00 respectively.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable

H. Other information, material events or happenings that may have affected or may affect market price of security.

None

I. Transferring of assets, except in the normal course of business.

None

III. OTHER NOTES TO SECOND QUARTER OF 2021 OPERATIONS AND FINANCIALS

J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

None

K. **Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.**

None

L. **Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.**

None

M. **New financing through loans/ issuances, repurchases and repayments of debt and equity securities.**

See Notes to Financial Statements and Management Discussion and Analysis.

N. **Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.**

None

O. **The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.**

None

P. **Changes in Contingent Liabilities or contingent assets since the last annual balance sheet date.**

None

Q. **Other material events or transactions during the interim period.**

None

R. **Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.**

None

S. **Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the**

company with unconsolidated entities or other persons created during the reporting period.

None.

T. Material commitments for capital expenditures, general purpose and expected sources of funds

The Company's target capital expenditures for the year amounts to ₱13.5 billion. For the nine months 2023, a total of ₱10.4Bn was spent, with the majority, or 86.7% for project development..

U. Known trends, events or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/ income from continuing operations.

None

V. Significant elements of income or loss that did not arise from continuing operations

None

W. Causes for any material change/s from period to period in one or more line items of the financial statements.

None

X. Seasonal aspects that had a material effect on the financial condition or results of operations.

None

Y. Disclosures not made under SEC Form 17C

None

CEBU LANDMASTERS
We Build with You in Mind

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ISSUER CEBU LANDMASTERS, INC.

PRINCIPAL ACCOUNTING OFFICER Beauregard Grant L. Cheng
Chief Finance Officer

DATE November 14, 2023

Beauregard Grant L. Cheng
Chief Finance Officer

CEBU LANDMASTERS
We Build with You in Mind

SUBSCRIBED AND SWORN to before me, a notary public for and in the City of Cebu this NOV 14 2023, *Beauregard Grant Cheng* who is personally known to me and who signed the above *SEC Form 17-Q Quarterly Report* in my presence and swore as to said document that he understood the contents thereof and the same is his free and voluntary act and deed as well as the corporation represented therein.

Witness my hand and seal on the date and place above mentioned.

Doc. No. : 70;
Page No.: 15;
Book No.: 5;
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 03-30-2023
PTR No. 1023144 ; 12-07-2022, Cebu
IBP No. 242099 ; 12-08-2022, Cebu Chapter
Park Centrale Tower, J.M. Del Mar St.
Cebu I.T. Park, Apas, Cebu City

CEBU LANDMASTERS
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STATEMENT OF MANAGEMENT APPROVAL OF FINANCIAL STATEMENTS

November 8, 2023

We confirm that the undersigned have authorized the interim consolidated financial statements of **CEBU LANDMASTERS, INC. AND SUBSIDIARIES** for the **PERIOD ENDED SEPTEMBER 30, 2023** for issue on **November 13, 2023**.

Prepared by:

Klaudine Grace Nedruda
Accounting Asst. Manager

Checked by:

Paquita Tigue-Rafols
AVP – Accounting and Finance

Recommended for approval:

Beauregard Grant L. Cheng
Chief Financial Officer

Approved by:

Jose Franco B. Soberano
Chief Operating Officer

Ma. Rosario B. Soberano
Treasurer

Jose R. Soberano III
Chairman / President

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

(A Subsidiary of A B Soberano Holdings Corp.)

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

(Amounts in Philippine Pesos)

	Notes	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	4	**P 1,347,532,396**	P 1,434,559,762
Receivables - net	5	**2,242,986,924**	3,571,775,532
Contract assets - net	17	**22,866,975,361**	16,208,926,784
Real estate inventories	6	**19,113,796,659**	18,309,208,981
Deposits on land for future development	7	**15,339,900**	129,996,729
Due from related parties	24	**56,837,417**	35,802,341
Prepayments and other current assets	8	**6,718,774,801**	4,964,507,403
Total Current Assets		**52,362,243,458**	44,654,777,532
NON-CURRENT ASSETS			
Receivables - net	5	**163,858,202**	106,500,218
Contract assets - net	17	**18,078,033,903**	15,770,136,750
Investments in associates	9	**132,756,539**	133,559,576
Property and equipment - net	10	**6,301,381,099**	4,813,732,450
Right-of-use assets	11	**1,139,019,249**	1,168,049,405
Investment properties - net	12	**18,021,981,854**	17,749,297,533
Other non-current assets - net	13	**369,618,473**	648,815,560
Total Non-current Assets		**44,206,649,319**	40,390,091,492
TOTAL ASSETS		**P 96,568,892,777**	P 85,044,869,024
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	**P 11,283,921,372**	P 8,123,643,987
Trade and other payables	16	**21,432,673,559**	18,843,635,888
Contract liabilities	17	**479,989,006**	598,361,867
Customers' deposits	17	**147,744,147**	120,250,096
Lease liabilities	11	**17,172,941**	54,145,058
Income tax payable		**15,345,036**	3,646,417
Total Current Liabilities		**33,376,846,061**	27,743,683,313
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	**28,951,271,971**	26,938,646,624
Bonds payable	15	**4,943,562,768**	4,930,582,631
Trade and other payables	16	**167,026,210**	195,075,703
Lease liabilities	11	**1,229,200,779**	1,182,914,425
Post-employment defined benefit obligation		**2,470,733**	9,390,095
Deferred tax liabilities - net		**3,811,025,155**	3,031,961,340
Total Non-current Liabilities		**39,104,557,616**	36,288,570,818
Total Liabilities		**72,481,403,677**	64,032,254,131
EQUITY	25		
Equity attributable to shareholders of Parent Company		**15,269,601,949**	13,501,563,155
Non-controlling interest		**8,817,887,151**	7,511,051,738
Total Equity		**24,087,489,100**	21,012,614,893
TOTAL LIABILITIES AND EQUITY		**P 96,568,892,777**	P 85,044,869,024

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	Jul to Sep 2023 (Unaudited)	Jan to Sep 2023 (Unaudited)	Jul to Sep 2022 (Unaudited)	Jan to Sep 2022 (Unaudited)
REVENUES	17				
Sale of real estates		P 3,694,887,583	P 12,704,382,963	P 3,449,294,777	P 10,813,270,112
Hotel operations		41,510,501	98,169,696	22,496,327	55,011,427
Rental		27,316,827	77,320,899	18,695,053	54,081,357
Management fees		15,633,928	46,478,655	16,365,491	40,857,374
		3,779,348,839	12,926,352,213	3,506,851,648	10,963,220,270
COST OF SALES AND SERVICES	18	(1,811,388,042)	(6,790,429,813)	(1,942,601,649)	(6,073,258,643)
GROSS PROFIT		1,967,960,797	6,135,922,400	1,564,249,999	4,889,961,627
OPERATING EXPENSES	19	(608,274,322)	(1,892,829,759)	(502,619,513)	(1,585,442,759)
OTHER OPERATING INCOME	20	77,661,114	348,902,576	44,408,932	143,780,324
OPERATING PROFIT		1,437,347,589	4,591,995,217	1,106,039,418	3,448,299,192
FINANCE COSTS	21	(194,085,339)	(536,793,057)	(112,106,652)	(348,932,427)
SHARE IN NET LOSS OF ASSOCIATES	9	(249,781)	(5,803,037)	(6,559,142)	(6,751,208)
FINANCE INCOME		6,489,814	7,915,785	1,532,090	2,752,555
IMPAIRMENT LOSS ON FINANCIAL ASSETS		-	(405,079)	(408,565)	(1,000,378)
OTHER LOSSES	20	(1,438,782)	(3,675,024)	(1,065,359)	(3,985,633)
PROFIT BEFORE TAX		1,248,063,501	4,053,234,805	987,431,790	3,090,382,101
TAX EXPENSE	23	(334,905,458)	(1,025,144,337)	(217,399,369)	(720,906,098)
NET PROFIT		P 913,158,043	P 3,028,090,468	P 770,032,421	P 2,369,476,003
Net profit attributable to:					
Parent Company's shareholders		709,108,310	P 2,391,775,055	P 649,878,320	P 2,200,377,091
Non-controlling interests		204,049,733	636,315,413	120,154,101	169,098,912
		P 913,158,043	P 3,028,090,468	P 770,032,421	P 2,369,476,003
Earnings per Share:					
Basic and diluted	26	P 0.20	P 0.69	P 0.19	P 0.64

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023, AND 2022
(Amounts in Philippine Pesos)

	Jul to Sep 2023 (Unaudited)	Jan to Sep 2023 (Unaudited)	Jul to Sep 2022 (Unaudited)	Jan to Sep 2022 (Unaudited)
NET PROFIT	**P 913,158,043**	**P 3,028,090,468**	P 770,032,421	P 2,369,476,003
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**P 913,158,043**	**P 3,028,090,468**	P 770,032,421	P 2,369,476,003
Total comprehensive income attributable to:				
Parent Company's shareholders	**P 709,108,310**	**P 2,391,775,055**	P 649,878,320	P 2,200,377,091
Non-controlling interests	**204,049,733**	**636,315,413**	120,154,101	169,098,912
	P 913,158,043	**P 3,028,090,468**	P 770,032,421	P 2,369,476,003

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company											
	Capital Stock (See Note 25)	Additional Paid-in Capital (See Note 25)	Treasury Stock (See Note 25)	Share Options Outstanding (See Note 25)	Revaluation Reserves (See Note 25)	Retained Earnings (See Note 25) Appropriated	Retained Earnings (See Note 25) Unappropriated	Retained Earnings (See Note 25) Total	Total	Non-controlling Interests (See Note 25)	Total
Balance at January 1, 2023	**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**
Transactions with owners											
Investments from non-controlling stockholdrs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**774,500,000**	**774,500,000**
Cash dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(623,736,264)**	**(623,736,264)**	**(623,736,264)**	**(103,980,000)**	**(727,716,264)**
	-	**-**	**-**	**-**	**-**	**-**	**(623,736,264)**	**(623,736,264)**	**(623,736,264)**	**670,520,000**	**46,783,736**
Appropriation of retained earnings											
Reversal of appropriations during the year	**-**	**-**	**-**	**-**	**-**	**(3,117,454,606)**	**3,117,454,606**	**-**	**-**	**-**	**-**
Total comprehensive income for the year											
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,391,775,055**	**2,391,775,055**	**2,391,775,055**	**636,315,413**	**3,028,090,468**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**2,391,775,055**	**2,391,775,055**	**2,391,775,055**	**636,315,413**	**3,028,090,468**
Balance at September 30, 2023	**P 3,623,451,997**	**P 1,608,917,974**	**(P 732,664,604)**	**P 2,195,991**	**(P 13,910,501)**	**P 814,021,287**	**P 9,967,589,802**	**P 10,781,611,089**	**P 15,269,601,946**	**P 8,817,887,151**	**P 24,087,489,097**
Balance at January 1, 2022	P 3,623,451,997	P 1,608,917,974	(748,171,901)	-	(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	-	-	-	-	-	-	-	-	-	21,641,010	21,641,010
Cash dividends	-	-	-	-	-	-	(519,780,221)	(519,780,221)	(519,780,221)	(59,200,000)	(578,980,221)
Issuance of capital stock	-	18,319,442	3,349,470	-	-	-	-	-	21,668,912	-	21,668,912
	-	18,319,442	-	-	-	-	(519,780,221)	(519,780,221)	(498,111,309)	(37,558,990)	(535,670,299)
Reversal of appropriations during the year	-	-	-	-	-	(172,049,912)	172,049,912	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	2,200,377,091	2,200,377,091	2,200,377,091	169,098,912	2,369,476,003
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	2,200,377,091	2,200,377,091	2,200,377,091	169,098,912	2,369,476,003
Balance at September 30, 2022	P 3,623,451,997	P 1,627,237,416	(P 748,171,901)	₱ -	(P 13,477,472)	₱ -	P 8,049,750,475	P 8,049,750,475	P 12,542,139,985	P 7,223,847,243	P 19,765,987,228

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	Sep 30, 2023 (Unaudited)	Sep 30, 2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 4,053,234,805	P 3,090,382,101
Adjustments for:			
Interest expense on interest-bearing loans	21	423,166,197	259,472,963
Depreciation and amortization	19	134,725,937	127,364,690
Interest expense on lease liabilities	11	59,845,987	55,703,000
Interest expense on bonds	21	49,923,209	-
Share in net losses of associates	9	5,803,037	6,751,208
Interest income	4	(7,539,010)	(2,714,075)
Recognition of impairment loss on financial assets		405,079	1,000,378
Loss (gain) on sale of property and equipment	10	17,410	(291,967)
Operating profit before working capital changes		4,719,582,651	3,537,668,298
Decrease (increase) in receivables		1,271,025,545	(6,289,869,420)
Increase in contract assets		(8,965,945,730)	(41,336,462)
Decrease (increase) in real estate inventories		2,194,822,996	3,454,553,615
Decrease (increase) in prepayments and other current assets		(1,697,556,829)	(640,742,995)
Increase in deposits on land for future development		(349,502,459)	(889,599,318)
Decrease (increase) in other non-current assets		274,346,098	(26,837,850)
Increase (decrease) in trade and other payables		2,134,008,810	957,670,341
Increase (decrease) in contract liabilities		(118,372,861)	55,389,214
Increase (decrease) in customers' deposits		27,494,051	548,309
(Decrease) in post-employment defined benefit obligation		(6,919,362)	-
Cash used in operations		(517,017,090)	117,443,732
Cash paid for taxes		(291,092,472)	(204,958,062)
Net Cash Used in Operating Activities		(808,109,562)	(87,514,330)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment		(1,511,226,191)	(179,857,001)
Acquisitions of investment properties		(1,247,233,276)	(3,026,284,312)
Advances to related parties	24	(20,196,683)	19,664,508
Investments in associates	9	(5,000,000)	(8,000,000)
Interest received	4	7,539,010	2,714,075
Proceeds from sale of property and equipment	10	489,706	1,245,268
Acquisitions of computer software	13	(1,417,562)	(1,385,987)
Net Cash Used in Investing Activities		(2,777,044,996)	(3,191,903,449)
			-
CASH FLOWS FROM FINANCING ACTIVITIES			-
Proceeds from availment of interest-bearing loans - net	14	9,491,374,309	8,653,954,344
Repayments of interest-bearing loans	14	(4,406,649,207)	(3,454,669,323)
Interest paid on interest-bearing loans		(1,953,472,371)	(1,346,579,344)
Cash dividends paid	25	(103,980,000)	(578,980,221)
Interest paid on lease liabilities	11	(50,531,750)	(13,209,724)
Additional investment from non-controlling shareholders	25	774,500,000	21,641,010
Interest paid on bonds		(253,113,789)	-
Proceeds from issuance of shares of stock		-	21,668,912
Net Cash From Financing Activities		3,498,127,192	3,303,825,654
NET DECREASE IN CASH AND CASH EQUIVALENTS		(87,027,366)	24,407,875
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,434,559,762	1,095,821,916
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 1,347,532,396	P 1,120,229,791

See Notes to Consolidated Financial Statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023 AND 2022

(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 25).

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 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:

	Note	**Effective Percentage of Ownership 2023**	**2022**
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**	100

(Forward)

	Note	Effective Percentage of Ownership 2023	2022
Subsidiaries			
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
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 Hotel 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
Iloilo Global City Corporation (IGCC)	(r)	**43**	–
El Camino Developers Cebu, Inc. (El Camino)	(s)	**35**	35
Associates			
ICOM Air Corporation (ICOM)	(t)	**33**	33
Magspeak Nature Park Inc. (Magspeak)	(u)	**25**	25

CLI and its subsidiaries (collectively known as the "the Group") and its associates are incorporated in the Philippines. The subsidiaries and associates, except CPM, CPH, CHR, CCLI, YHESPH and ICOM, 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 at 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 CPM is located at Cebu City;

(c) ASF was incorporated in 2017 as a joint venture where CLI initially holds 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 as of December 31, 2017. The principal place of business of ASF is located at 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 September 30, 2023, 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 at 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 at 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 at 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 at 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 at 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 at 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 September 30, 2023, CCLI has yet to start commercial operations.

(m) CHDI was incorporated on December 5, 2019 as an undertaking between CLI and Aboitiz Land, Inc. (Aboitiz Land). In June 2021, Aboitiz Land sold its 50% ownership in CHDI to Ixidor Holdings, Inc. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which started 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 the hotel business. Its ultimate parent is CLI which owns 50% of YHES.

(o) 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 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 other corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located at Cebu City;

(r) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business also is located in Iloilo City.

(s) 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 at Cebu City;

(t) 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 located in Iloilo City.

(u) 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 at Cebu City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with the accounting policies adopted by the Group in its recent annual consolidated financial statements for the year ended December 31, 2022.

These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Interim Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The interim condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2022.

The preparation of interim 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 below.

(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*, and 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 No. 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 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
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,	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	Until December 31, 2023

Relief	Description and Implication	Deferral period
Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments	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 consolidated 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 have a retrospective effect in retained earnings, real estate sales, and profit or loss in 2022 and prior years.	

(a) Presentation of Interim Condensed Consolidated Financial Statements

The interim consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group opted to present a separate interim condensed consolidated statement of profit or loss and interim condensed consolidated comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the interim condensed consolidated statement of financial position at the beginning of the preceding period.

(b) Functional and Presentation Currency

These interim condensed 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 interim condensed 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 to and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

(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), *Disclosure Initiative – 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)

(b) Effective Subsequent to 2023 but not Adopted Early

The amendment below to the existing standard is effective for annual periods subsequent to 2023, which is adopted by the FRSC. Management will adopt the relevant pronouncement in accordance with their transitional provisions; and, unless otherwise stated, this is not expected to have significant impact on the Group's interim condensed consolidated financial statements:

(i) 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 interim 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.

3. SEGMENT INFORMATION

3.1 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.

3.2 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.

3.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation, if any.

3.4 Analysis of Segment Information

The tables in the next page present revenue and profit information regarding industry segments for the periods ended September 30, 2023 and 2022 and certain assets and liabilities information regarding segments as at September 30, 2023 and 2022 are shown in the next page.

	2023					
	Real Estate	**Hotel Operations**	**Rental**	**Management Services**	**Elimination**	**Consolidated**
REVENUES						
Sale to external customers	**₱12,704,382,963**	**₱98,169,696**	**₱77,320,899**	**₱46,478,655**	**₱–**	**₱12,926,352,213**
Intersegment sales	**(250,714)**	**–**	**11,341,012**	**122,019,132**	**(133,109,430)**	**–**
Total revenues	**12,704,132,249**	**98,169,696**	**88,661,911**	**168,497,787**	**(133,109,430)**	**12,926,352,213**
COSTS AND EXPENSES						
Costs of sales and services	**6,664,776,551**	**38,835,701**	**64,888,144**	**21,929,417**	**–**	**6,790,429,813**
Operating expenses	**1,923,910,024**	**90,614,278**	**6,610,089**	**14,534,339**	**(142,838,971)**	**1,892,829,759**
Impairment loss	**402,197**	**–**	**2,882**	**–**	**–**	**405,079**
Total costs and expenses	**8,589,088,772**	**129,449,979**	**71,501,115**	**36,463,756**	**(142,838,971)**	**8,683,664,651**
Segment results	**₱4,115,043,477**	**(₱31,280,283)**	**₱17,160,796**	**₱132,034,031**	**₱9,729,541**	**₱4,242,687,562**
Other operating income						**348,902,576**
Finance costs						**(536,793,057)**
Share in net loss of associates						**(5,803,037)**
Finance income						**7,915,785**
Other losses						**(3,675,024)**
Tax expense						**(1,025,144,337)**
Net profit						**₱3,028,090,468**
ASSETS AND LIABILITIES						
Segment assets	**₱85,151,801,347**	**₱2,862,336,277**	**₱17,878,040,923**	**₱81,600,585**	**(₱9,404,886,355)**	**₱96,568,892,777**
Segment liabilities	**₱66,983,139,772**	**₱2,510,522,058**	**₱55,705,079**	**₱65,135,742**	**(₱944,124,129)**	**₱68,670,378,522**

	2022					
	Real Estate	Hotel Operations	Rental	Management Services	Elimination	Consolidated
REVENUES						
Sale to external customers	₱10,813,270,112	₱55,011,427	₱54,081,357	₱40,857,374	₱–	₱10,963,220,270
Intersegment sales	4,451,345	–	2,873,066	100,648,253	(107,972,664))	–
Total revenues	10,817,721,457	55,011,427	56,954,423	141,505,627	(107,972,664)	10,963,220,270
COSTS AND EXPENSES						
Costs of sales and services	5,972,820,680	22,796,800	63,307,677	17,785,098	(3,451,612)	6,073,258,643
Operating expenses	1,623,702,927	51,064,772	6,298,190	7,898,189	(103,521,319)	1,585,442,759
Impairment loss	–	408,565	–	591,813	–	1,000,378
Total costs and expenses	7,596,523,607	74,270,137	69,605,867	26,275,100	(106,972,931)	7,659,701,780
Segment results	₱3,221,197,850	(₱19,258,710)	(₱12,651,444)	₱115,230,527	(₱999,733)	₱3,303,518,490
Other operating income						143,780,324
Finance costs						(348,932,427)
Finance income						2,752,555
Share in net loss of associates						(6,751,208)
Other losses						(3,985,633)
Tax expense						(720,906,098)
Net profit						₱2,369,476,003
ASSETS AND LIABILITIES						
Segment assets	₱85,151,801,347	₱2,862,336,277	₱17,878,040,923	₱81,600,585	(₱9,404,886,361)	₱96,568,892,771
Segment liabilities	₱66,983,139,772	₱2,510,522,058	₱55,705,079	₱65,135,742	(₱944,124,131)	₱68,670,378,520

The real estate segment is further analyzed based on their geographical location as shown in Note 17.1. 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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	September 30, 2023	December 31, 2022
Cash on hand	**₱5,816,140**	₱3,024,222
Cash in banks	**1,281,931,260**	1,322,678,049
Short-term placements	**59,784,996**	108,857,491
	₱1,347,532,396	₱1,434,559,762

Cash in banks (savings and demand deposits) generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods and earn effective interest per annum as shown below.

	2023	2022
Term	**35 to 60 days**	30 to 123 days
Effective interest rate	**3.0% to 5.25%**	0.75% to 4.25%

Interest income earned from cash and cash equivalents amounted ₱7,539,010 and ₱2,714,074 in September 30, 2023 and 2022, respectively, are presented as Finance Income in the consolidated statements of Profit or Loss.

5. RECEIVABLES

This account includes the following:

	Notes	**September 30, 2023**	December 31, 2022
Contracts receivable			
Third parties		**₱1,755,403,228**	₱2,900,433,836
Related parties	24.2, 24.3	**685,584**	129,796,291
		1,756,088,812	3,030,230,127
Receivable from contractors and suppliers		**132,255,371**	41,212,041
Retention receivable		**126,830,479**	113,229,317
Receivable from insurance		**125,371,849**	144,893,228
Management fee receivables		**73,398,898**	102,357,085
Rent receivable		**61,984,693**	53,640,904
Advances to officers and employees		**32,551,189**	21,014,700
Receivables from hotel operations		**11,066,551**	2,621,371
Others		**89,106,753**	170,886,446
		2,408,654,595	3,680,085,219
Allowance for impairment		**(1,809,469)**	(1,809,469)
		₱2,406,845,126	₱3,678,275,750

Receivables are presented in the consolidated statements of financial position as follows.

	September 30, 2023	December 31, 2022
Current	**₱ 2,242,986,924**	₱3,571,775,532
Non-current	**163,858,202**	106,500,218
	₱2,406,845,126	₱3,678,275,750

Buyers of real estate properties are given one 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 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 buyers' chosen financing institution of the buyer's account within 12 months. Titles to real estate properties are transferred to the buyers once full payment has been made. Hence, contracts 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 ₱5,415,073 and ₱1,557,409 as at September 30, 2023 and December 31, 2022, respectively. Amortization of day one loss of noninterest-bearing contracts receivables amounted to ₱3,857,664 and ₱33,756,464 in 2023 and 2022 respectively and is presented as part of Finance Cost in the consolidated statement of profit or loss (see Note 21). Amortization of day one gain of noninterest-bearing contracts receivables amounted to P40,452 and P25,493 in 2023 and 2022, and is presented as part of Finance Income in the consolidated statement of profit or loss.

Shown below is the aging of contract receivables as of September 30, 2023.

	September 30, 2023
Not yet due	**₱1,613,425,923**
Less than 30 days	**24,126,053**
More than 30 days but less than 60 days	**9,818,321**
More than 60 days but less than 90 days	**8,923,169**
More than 90 days but less than 120 days	**3,722,246**
More than 120 days	**96,073,100**
	₱1,756,088,812

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Group.

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 subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and update the assessment at each reporting date based on the analysis by management. A reconciliation of the allowance for impairment at the beginning and end of September 30, 2023 and December 31, 2022 is shown in the next page:

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱1,809,469**	₱600,695
Changes in expected credit losses	**405,079**	1,855,555
Receivables written off	–	(646,781)
Balance at end of year	**₱2,214,548**	₱1,809,469

6. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost:

	September 30, 2023	December 31, 2022
Subdivision units	**₱527,970,818**	₱723,515,775
Condominium units	**524,849,994**	442,847,171
	1,052,820,812	1,166,362,946
Construction-in-progress (CIP):		
Land development cost	**10,202,125,865**	9,090,488,250
Condominium building cost	**5,559,577,786**	3,538,686,897
Housing cost	**1,540,472,819**	1,330,557,606
	17,302,176,470	13,959,732,753
Raw land inventory	**758,799,377**	3,183,113,282
	₱19,113,796,659	₱18,309,208,981

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 18.

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.

Borrowing costs that are capitalized as part of real estate inventory amounted to ₱1,184,125,858 and ₱1,184,114,507 for the periods ended September 30, 2023 and 2022, respectively, 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 5.75% to 9.00% and 4.00% to 8.00% for the years ended September 30, 2023 and December 31, 2022, respectively.

In 2023 and 2022, the Group reclassified investment properties totaling ₱1,219,095,095 and ₱729,713,956, respectively, to real estate inventories (see Note 12).

As at September 30, 2023 and December 31, 2022, real estate inventories totaling to ₱8,568,086,730 and ₱8,128,280,586, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 14.1).

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. A reconciliation of the deposits on land for future development is presented below.

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱129,996,729**	₱–
Additions	**349,502,459**	129,996,729
Transferred to raw land inventory	**(464,159,288)**	–
Balance at end of year	**₱15,339,900**	₱129,996,729

The deposits on land for future development is presented as current assets in the consolidated statements of financial position.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	September 30, 2023	December 31, 2022
Advances to subcontractors	**₱2,008,016,494**	₱1,555,905,543
Input VAT and deferred input VAT	**1,865,285,874**	1,401,290,754
Deferred commissions	**1,791,081,260**	1,212,239,383
Advances to suppliers	**468,435,232**	248,056,728
Prepaid taxes	**354,919,014**	298,208,444
Short-term investments	**166,510,467**	204,836,249
Prepaid expenses	**54,652,382**	34,567,894
Others	**9,874,078**	9,402,408
	₱6,718,774,801	₱4,964,507,403

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses that were paid in behalf of subcontractors. 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 2023 and 2022, the Group expensed deferred commissions of ₱742,532,603 and ₱572,960,190, 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 19).

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.

Prepaid expenses include advance payment for insurance and rent.

9. INVESTMENTS IN ASSOCIATES

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2023 and 2022 is shown below.

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱133,559,576**	₱135,064,930
Additional investments	**5,000,000**	8,000,000
Share in net losses during the year	**(5,803,037)**	(9,505,354)
Balance at end of year	**₱132,756,539**	₱133,559,576

Analyses of the carrying amounts of the Group's investments in associates as at September 30, 2023 and December 31, 2022 are shown below:

	2023		
	ICOM	**Magspeak**	**Total**
Cost			
Balance at beginning of year	**₱122,300,934**	**₱25,735,096**	**₱148,036,030**
Additional investments	**–**	**5,000,000**	**5,000,000**
Balance at end of year	**122,300,934**	**30,735,096**	**153,036,030**
Accumulated equity in net losses			
Balance at beginning of year	**(11,638,159)**	**(2,838,295)**	**(14,476,454)**
Equity in net losses during the year	**(5,102,561)**	**(700,476)**	**(5,803,037)**
Balance at end of year	**(16,740,720)**	**(3,538,771)**	**(20,279,491)**
Net carrying amount	**₱105,560,214**	**₱27,196,325**	**₱132,756,539**

	2022		
	ICOM	Magspeak	Total
Cost			
Balance at beginning of year	₱114,300,934	₱25,735,096	₱140,036,030
Additional investments	8,000,000	–	8,000,000
Balance at end of year	122,300,934	25,735,096	148,036,030
Accumulated equity in net losses			
Balance at beginning of year	(3,483,650)	(1,487,450)	(4,971,100)
Equity in net losses during the year	(8,154,509)	(1,350,845)	(9,505,354)
Balance at end of year	(11,638,159)	(2,838,295)	(14,476,454)
Net carrying amount	₱110,662,775	₱22,896,801	₱133,559,576

Shares in net losses of associates totaling ₱5,803,037 and ₱6,751,208 were recognized in 2023 and 2022, respectively, in the consolidated statements of profit or loss. There were no dividends received from the Group's associates in 2023 and 2022.

10. PROPERTY AND EQUIPMENT

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

	2023							
	Land	**Building**	**Office Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	**₱359,058,133**	**₱401,375,877**	**₱111,382,859**	**₱57,015,172**	**₱40,459,135**	**₱14,547,842**	**₱4,077,078,853**	**₱5,060,917,871**
Additions	**–**	**13,671,024**	**11,953,090**	**79,690**	**8,796,767**	**8,541,295**	**1,468,184,325**	**1,511,226,191**
Disposals	**–**	**–**	**(108,839)**	**(473,232)**	**–**	**–**	**–**	**(582,071)**
Reclassification	**–**	**13,080,557**	**(838,393)**	**(2,151)**	**–**	**–**	**–**	**12,240,013**
Balance at end of year	**359,058,133**	**428,127,458**	**122,388,717**	**56,619,479**	**49,255,902**	**23,089,137**	**5,545,263,178**	**6,583,802,004**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**–**	**117,269,272**	**53,078,326**	**42,285,966**	**27,932,433**	**6,619,424**	**–**	**247,185,421**
Depreciation and amortization	**–**	**13,504,877**	**12,348,290**	**4,040,286**	**3,797,134**	**1,619,852**	**–**	**35,310,439**
Disposals	**–**	**–**	**(74,955)**	**–**	**–**	**–**	**–**	**(74,955)**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at end of year	**–**	**130,774,149**	**65,351,661**	**46,326,252**	**31,729,567**	**8,239,276**	**–**	**282,420,905**
Carrying Amount	**₱359,058,133**	**₱297,353,309**	**₱57,037,056**	**₱10,293,227**	**₱17,526,335**	**₱14,849,861**	**₱5,545,263,178**	**₱6,301,381,099**

	2022							
	Land	Building	Office Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost								
Balance at beginning of year	₱140,896,820	₱313,420,883	₱91,775,926	₱59,603,223	₱36,731,888	₱12,514,727	₱471,807,019	₱1,126,750,486
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	–	–	(94,091)	(4,192,326)	–	–	–	(4,286,417)
Reclassification	–	32,066,847	–	–	–	–	1,268,968,128	1,301,034,975
Balance at end of year	359,058,133	401,375,877	111,382,859	57,015,172	40,459,135	14,547,842	4,077,078,853	5,060,917,871
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	102,246,056	40,841,416	39,453,413	23,778,921	4,758,977	–	211,078,783
Depreciation and amortization	–	15,023,216	12,274,374	6,166,832	4,153,512	1,860,447	–	39,478,381
Disposals	–	–	(37,464)	(3,334,279)	–	–	–	(3,371,743)
Reclassification	–	–	–	–	–	–	–	–
Balance at end of year	–	117,269,272	53,078,326	42,285,966	27,932,433	6,619,424	–	247,185,421
Carrying Amount	₱359,058,133	₱284,106,605	₱58,304,533	₱14,729,206	₱12,526,702	₱7,928,418	₱4,077,078,853	₱4,813,732,450

Depreciation and amortization expense on property and equipment is presented as part of Operating Expenses (see Note 19).

In 2022, the Group reclassified construction in progress under Investment Properties with an aggregate carrying amount of ₱1,301,034,975 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 ₱32,066,847 was reclassified to Building for office renovations completed during the year.

Borrowing costs that are capitalized as part of property and equipment amounted to ₱304,653,211 and ₱32,308,460 in September 30, 2023 and 2022, respectively, which represents the specific borrowing costs incurred on loans, corporate notes and bonds obtained to fund the construction projects (see Note 14 and 15).

Certain transportation equipment and office equipment of CLI with a total carrying amount of P507,1163 was sold in 2023 for P551,358, thereby resulting to loss in disposal amounting to P17,410. Meanwhile in 2022, certain transportation equipment and office equipment with a total carrying amount of P953,301 was sold for P1,245,268 resulting to a gain in disposal amounting to P291,967 (Note 20.2).

Certain land and construction in progress with an aggregate carrying amount of ₱6,212,940,137 and ₱4,353,935,990 as at September 30, 2023 and December 31, 2022, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 14.1).

As at September 30, 2023 and December 31, 2022, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to ₱140,965,250 and ₱103,615,868, respectively.

11. 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 in the next page describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2023 and 2022 consolidated statements of financial position:

	Number of right-of-use assets leased	Lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with termination options
Land	4	21 to 39 years	-	-	-
Office space	2	2 to 4 years	1	-	1

11.1 Right-of-use Assets

The carrying amounts and movements of the Group's right-of-use assets as at September 30, 2023 and December 31, 2022 are shown below.

September 30, 2023

	Land	**Office Space**	**Total**
Cost			
Balance at beginning and end of period	**₱1,262,756,727**	**₱15,877,921**	**₱1,278,634,648**
Accumulated amortization			
Balance at beginning of year	**102,160,939**	**8,424,304**	**110,585,243**
Amortization	**26,515,797**	**2,514,359**	**29,030,156**
Balance at end of period	**128,676,736**	**10,938,663**	**139,615,399**
Carrying amount at end of period	**₱1,134,079,991**	**₱4,939,258**	**₱1,139,019,249**

December 31, 2022

	Land	Office Space	Total
Cost			
Balance at beginning of year	₱1,209,882,682	₱15,877,921	₱1,225,760,603
Additions	52,874,045	–	52,874,045
Balance at end of period	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 period	102,160,939	8,424,304	110,585,243
Carrying amount at end of period	₱1,160,595,788	₱7,453,617	₱1,168,049,405

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.

11.2 Lease Liabilities

Lease liabilities presented in the statements of financial position follow:

	September 30, 2023	December 31, 2022
Current	**₱17,172,941**	₱54,145,058
Non-current	**1,229,200,779**	1,182,914,425
	₱1,246,373,720	₱1,237,059,483

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 underlying assets.

11.3 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 ₱27,122,973 and ₱19,145,934 for September 30, 2023 and 2022 respectively, and is presented as Rent under Operating Expenses in the consolidated statements of profit of loss (see Note 19).

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to ₱50,531,750 and ₱13,209,725 for the periods ended September 30, 2023 and 2022, respectively, including the interest expense in relation to the lease liabilities amounting to ₱59,845,987 and ₱55,703,000, 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 21).

12. 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 September 30, 2023 and December 31, 2022 are shown below.

	2023					
	Land	**Retail Building**	**Condominium Units**	**Parking Units**	**Construction in Progress**	**Total**
Cost						
Balance at beginning of year	**₱2,682,185,384**	**₱1,312,033,280**	**₱910,086,051**	**₱122,067,668**	**₱12,961,598,553**	**₱17,987,970,936**
Additions	**–**	**–**	**–**	**–**	**1,555,896,207**	**1,555,896,207**
Reclassifications	**–**	**40,991,198**	**2,386,907**	**–**	**(1,262,473,200)**	**(1,219,095,095)**
Balance at end of year	**2,682,185,384**	**1,353,024,478**	**912,472,958**	**122,067,668**	**13,255,021,560**	**18,324,772,048**
Accumulated depreciation						
Balance at beginning of year	**–**	**98,114,489**	**126,885,260**	**13,673,654**	**–**	**238,673,403**
Depreciation	**–**	**36,809,379**	**22,729,874**	**4,577,538**	**–**	**64,116,791**
Balance at end of year	**–**	**134,923,868**	**149,615,134**	**18,251,192**	**–**	**302,790,194**
Carrying amount	**₱2,682,185,384**	**₱1,218,100,610**	**₱762,857,824**	**₱103,816,476**	**₱13,255,021,560**	**₱18,021,981,854**

	2022					
	Land	Retail Building	Condominium Units	Parking Units	Construction in Progress	Total
Cost						
Balance at beginning of year	₱5,449,949,151	₱776,845,974	₱828,036,331	₱33,036,981	₱6,306,290,741	₱13,394,159,178
Additions	–	250,000	1,535,704	–	6,622,774,985	6,624,560,689
Reclassifications	(2,767,763,767)	534,937,306	80,514,016	89,030,687	32,532,827	(2,030,748,931)
Balance at end of year	2,682,185,384	1,312,033,280	910,086,051	122,067,668	12,961,598,553	17,987,970,936
Accumulated depreciation						
Balance at beginning of year	–	49,310,883	97,154,410	7,570,223	–	154,035,516
Depreciation	–	48,803,606	29,730,850	6,103,431	–	84,637,887
Reclassification	–	–	–	–	–	–
Balance at end of year	–	98,114,489	126,885,260	13,673,654	–	238,673,403
Carrying amount	₱2,682,185,384	₱1,213,918,791	₱783,200,791	₱108,394,014	₱12,961,598,553	₱17,749,297,533

In 2023, the Group reclassified certain investment properties with aggregate carrying amounts of ₱1,219,095,095 to real estate inventories. In 2022, the Group reclassified certain investment properties with aggregate carrying amounts of ₱729,713,956 and ₱1,301,034,975 to real estate inventories and property and equipment, respectively (see

Notes 6 and 10). 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 ₱204,563,353 and ₱87,975,342 in September 30, 2023 and 2022, respectively which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 14).

Income and expense from investment properties for the periods ended September 30, 2023 and 2022 are presented below.

	Notes	**September 30, 2023**	September 30, 2022
Rental income	17.1	**₱77,320,899**	₱54,081,357
Expenses:	18		
Depreciation		**₱64,116,792**	₱63,307,677
Real property taxes		**771,352**	–
		₱64,888,144	₱63,307,677

The depreciation and other expenses are included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2023 and 2022 (see Note 18).

Investment properties have a total fair value of ₱20,627,177,086 as at December 31, 2022, based on the appraisal done by an independent expert [see Note 29.3(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 September 30, 2023 and December 31, 2022.

Investment properties with a total carrying amount of ₱5,664,520,555 and ₱7,165,081,902 as at September 30, 2023 and December 31, 2022, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 14.1).

13. OTHER NON-CURRENT ASSETS

This account includes the following:

	September 30, 2023	December 31, 2022
Advances to subcontractors	**₱178,152,455**	₱473,134,430
Refundable deposits	**149,056,706**	128,384,996
Computer software – net of accumulated amortization	**26,511,073**	31,362,061
Investment in equity securities	**9,375,002**	9,375,002
Deferred input VAT	**4,624,926**	4,624,926
Others	**1,898,311**	1,934,145
	₱369,618,473	₱648,815,560

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 ₱1,417,562 and ₱3,064,323 in September 30, 2023 and December 31, 2022, respectively. The amortization expense on the computer software amounted to ₱6,268,550 and ₱6,649,362 in September 30, 2023 and 2022, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 19).

14. 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:

	Notes	**September 30, 2023**	December 31, 2022
Current			
Bank loans	14.1	**₱9,792,254,705**	₱7,006,084,463
Corporate notes	14.2	**1,491,666,667**	1,117,559,524
		11,283,921,372	8,123,643,987
Non-current			
Bank loans	14.1	**18,861,329,047**	15,721,660,371
Corporate notes	14.2	**10,089,942,924**	11,216,986,253
		28,951,271,971	26,938,646,624
		₱40,235,193,343	₱35,062,290,611

14.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱22,727,744,834**	₱16,181,942,664
Proceeds and drawdowns - net	**9,491,374,309**	11,749,374,715
Repayments	**(3,635,220,636)**	(5,262,184,636)
Amortization of debt issue costs	**69,685,245**	58,612,091
Balance at end of year	**₱28,653,583,752**	₱22,727,744,834

The unamortized debt issue cost as at September 30, 2023 and December 31, 2022 amounts to ₱153,300,930 and ₱107,967,127, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2023 and 2022 is shown in the next page.

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱107,967,127**	₱64,046,933
Debt issue costs from new loans	**115,019,048**	102,532,285
Amortization of debt issue costs	**(69,685,245)**	(58,612,091)
Balance at end of year	**₱153,300,930**	₱107,967,127

The loans bear interest rates per annum ranging from 5.75% to 9.00% in 2023 and 4.00% to 8.00% in 2022. 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 ₱20,445,547,422 and ₱19,647,298,478 as at September 30, 2023 and December 31, 2022, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 6, 10 and 12).

In 2023, the Group availed of new bank loans amounting to ₱9,491,374,309, net of debt issuance cost, which bear interest ranging from 5.75% to 9.00% and have maturity dates ranging from 2023 to 2034. Loans obtained in 2022 from various commercial banks amounting to ₱11,749,374,715, net of debt issuance cost, which bear interest ranging from 4.00% to 8.00% and have maturity dates ranging from 2023 to 2034.

The total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to ₱1,469,360,862 and ₱899,406,339 in September 30, 2023 and 2022, respectively, and of which ₱1,046,194,665 and ₱639,933,376, 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 5.75% to 9.00%.

14.2 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 ₱13,000,000,000 and two short-dated notes (SDN) amounting to ₱2,000,000,000 and ₱3,000,000,000, respectively.

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱12,334,545,777**	₱15,839,776,726
Repayments	**(771,428,571)**	(3,545,238,095)
Amortization of debt issue cost	**18,492,385**	40,007,146
Balance at end of year	**₱11,581,609,591**	₱12,334,545,777

The NFA is composed of the following tranches:

NFA	Date Executed	Tranche	Tenor	Principal Amount
LTCN	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
	3/05/2020	Series D	Five years	1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	1,000,000,000
				₱13,000,000,000
SDN	10/25/2019	SDN 1	18 months from drawdown date	₱2,000,000,000
	04/30/2021	SDN 2	18 months from drawdown date	3,000,000,000

The Parent Company made the following drawdowns from the NFA.

Year	Tranche	Interest Rate	Maturity Dates	Amount
2021	SDN 2	3.88%	November 2022	₱3,000,000,000
2020	Series D	3.46%	September 2025	₱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
				₱8,000,000,000
2019	Series A	7.25%	January 2026	₱2,000,000,000
	SDN 1	4.75%	April 2021	2,000,000,000
				₱4,000,000,000
2018	Series A	7.25%	December 2025	₱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
				₱3,000,000,000

The debt issuance cost amortization in 2023 and 2022 amounted to ₱18,492,385 and ₱40,007,146, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

A reconciliation of the unamortized debt issue costs of corporate notes at the beginning and end of 2023 and 2022 is shown below.

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱102,358,985**	₱ 142,366,131
Amortization of debt issue costs	**(18,492,385)**	(40,007,146)
Balance at end of year	**₱83,866,600**	₱102,358,985

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 ₱525,326,672 and ₱643,280,602 in September 30, 2023 and 2022, respectively, of which ₱525,326,672 and ₱643,280,602 were capitalized as part of real estate inventories and investment properties in September 30, 2023 and 2022, respectively (see Notes 6 and 12).

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 September 30, 2023 and December 31, 2022, 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 ₱423,166,197 and ₱227,879,621 in September 30, 2023 and 2022, respectively (see Note 21).

15. BONDS PAYABLE

On September 23, 2022, CLI registered with the SEC its debt securities program of ₱15,000,000,000 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 ₱5,000,000,000 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%.

An analysis of the movement in the balance of bonds payable is presented below.

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱4,930,582,631**	₱–
Proceeds and drawdowns – net	**–**	4,926,627,631
Reclassification	**359,145**	–
Amortization of debt issue cost	**12,620,992**	3,955,000
Balance at end of year	**₱4,943,562,768**	₱4,930,582,631

In 2022, the Parent Company recognized bond issuance costs amounting to ₱73,372,369 in relation to the issuance of the first tranche of the bonds which has a carrying amount of ₱56,437,232 and ₱69,417,369 as at September 30, 2023 and December 31, 2022. The bond issuance cost amortization in 2023 and 2022, amounting to ₱12,620,993 and ₱3,955,000, respectively.

The total interest incurred related to the bonds, including amortization of bond issuance cost, amounted to ₱266,826,343 in 2023 of which ₱216,903,134 was capitalized as part of real estate inventories, properties and equipment and investment properties and

₱49,923,209 was recognized as interest expense as part of Finance Costs in the consolidated statements of profit or loss (see Note 21).

Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 6.42% and 7.36% and 6.89% to 7.64% in September 30, 2023 and December 31, 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 September 30, 2023, the Parent Company is compliant with the requirements.

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	September 30, 2023	December 31, 2022
Current:		
Trade payables	**₱4,316,196,550**	₱4,357,836,398
Construction costs payable	**12,013,413,776**	10,491,702,481
Sales commission payable	**2,708,635,233**	1,944,995,963
Retention payable	**1,049,745,356**	968,787,106
Advances from NCI	**59,201,653**	467,105,353
Output VAT	**383,223,871**	117,142,226
Accrued expenses	**247,003,600**	282,466,666
Government-related obligations	**75,020,477**	99,495,460
Other payables	**580,233,043**	114,104,235
	21,432,673,559	18,843,635,888
Non-current:		
Retention payable	**128,807,500**	172,064,151
Advanced rental	**28,532,872**	16,072,805
Other payables	**9,685,838**	6,938,747
	167,026,210	195,075,703
	₱21,599,699,769	₱19,038,711,591

Construction costs payable 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.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

17.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time.

Below is the revenue of its major product lines and in geographical areas for the period September 30, 2023:

	Cebu	Mindanao	Visayas	Luzon	Total
Sale of real estate units					
Over time	**₱5,976,647,765**	**₱3,249,319,168**	**₱2,952,952,752**	**₱371,143,640**	**₱12,550,063,325**
At a point in time	**27,654,232**	**244,077**	**104,891,329**	**21,530,000**	**154,319,638**
	6,004,301,997	**3,249,563,245**	**3,057,844,081**	**392,673,640**	**12,704,382,963**
Hotel operations					
Over time	**98,169,696**	**–**	**–**	**–**	**98,169,696**
Lease of properties					
Over time	**77,320,898**	**–**	**–**	**–**	**77,320,898**
Render of management services					
Over time	**38,164,940**	**8,313,716**	**–**	**–**	**46,478,656**
	₱6,217,957,531	**₱3,257,876,961**	**₱3,057,844,081**	**₱392,673,640**	**₱12,926,352,213**

Below is the revenue of its major product lines and in geographical areas for the period September 30, 2022:

	Cebu	Mindanao	Visayas	Luzon	Total
Sale of real estate units					
Over time	₱3,160,243,974	₱3,452,711,257	₱2,393,015,519	₱–	₱9,005,970,750
At a point in time	900,018,040	277,864,218	599,598,004	29,819,100	1,807,299,362
	4,060,262,014	3,730,575,475	2,992,613,523	29,819,100	10,813,270,112
Hotel operations					
Over time	55,011,427	–	–	–	55,011,427
Lease of properties					
Over time	54,081,357	–	–	–	54,081,357
Render of management services					
Over time	34,207,762	6,514,612	135,000	–	40,857,374
	₱4,203,562,560	₱3,737,090,087	₱2,992,748,523	₱29,819,100	₱10,963,220,270

17.2 Contract Balance

The breakdown of contract balances is as follows:

	September 30, 2023	December 31, 2022
Contract assets – net	**₱40,945,009,264**	₱31,979,063,534
Contract liabilities	**(479,989,006)**	(598,361,867)
Net	**₱40,465,020,258**	₱31,380,701,667

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 28). The Group's contract assets as at September 30, 2023 and December 31, 2022 are presented in the consolidated statements of the financial position as follows:

	September 30, 2023	December 31, 2022
Current	**₱22,866,975,361**	₱16,208,926,784
Non-current	**18,078,033,903**	15,770,136,750
	₱40,945,009,264	₱31,979,063,534

Contract liabilities pertain 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 not yet met are accounted for as Customers' Deposits in the consolidated statements of financial position.

A summary of the Group's contract liabilities and customers' deposits is presented below.

	September 30, 2023	December 31, 2022
Contract liabilities	**₱479,989,006**	₱598,361,867
Customers' deposits	**147,744,147**	120,250,096
	₱627,733,153	₱718,611,963

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. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below.

	September 30, 2023	September 30, 2022
Cost of real estate sales		
Materials and labor	**₱4,910,569,949**	₱4,547,177,453
Land cost	**911,890,520**	861,946,470
Borrowing cost	**669,890,137**	395,124,049
Other costs	**172,425,945**	165,121,096
	₱6,664,776,551	₱5,969,369,068
Cost of rental services		
Depreciation	**64,116,792**	63,307,677
Real property taxes	**771,352**	–
	64,888,144	63,307,677
Cost of management services		
Salaries and wages	**21,929,167**	17,731,389
Materials and supplies	**250**	53,709
	21,929,417	17,785,098
Cost of hotel operations		
Materials and supplies	**12,108,190**	6,518,080
Salaries and wages	**10,346,881**	8,102,603
Advertising and Promotions	**6,056,949**	2,307,567
Utilities	**4,896,173**	2,624,634
Others	**5,427,508**	3,243,916
	38,835,701	22,796,800
	₱6,790,429,813	₱6,073,258,643

Other costs include capitalized borrowing costs, design fees, permits and VAT disallowance.

19. COSTS AND EXPENSES BY NATURE

Details of operating expenses by nature are shown below.

	Notes	**September 30, 2023**	September 30, 2022
Materials and labor		**₱5,041,549,960**	₱4,721,409,071
Land cost	18	**911,890,520**	861,946,470
Commissions	8	**742,532,603**	572,960,190
Borrowing costs	18	**669,890,137**	395,124,049
Salaries and employee benefits		**429,140,474**	373,176,015
Taxes and licenses		**204,836,880**	209,340,668
Depreciation and amortization	10, 11, 12, 13	**134,725,936**	127,364,690
Advertising		**75,543,835**	51,811,947
Repairs and maintenance		**54,224,200**	58,286,930
Utilities		**48,692,738**	31,632,938
Hotel operations	18	**38,835,701**	22,796,800
Security services		**34,065,478**	24,106,597
Insurance		**32,042,220**	22,965,935
Association dues		**29,216,251**	21,558,701
Donations		**28,571,497**	13,729,849
Transportation and travel		**28,373,481**	27,542,423
Rent	27.2	**27,122,973**	19,145,934
Representation and entertainment		**24,311,027**	23,232,988
Professional fees		**17,325,049**	14,869,452
Supplies		**14,944,808**	12,680,380
Subscription and membership dues		**12,651,735**	11,060,076
Communication		**6,249,110**	6,222,284
Management fee		**6,241,846**	10,785,329
Move-in fee expenses		**3,507,445**	–
Trainings and seminars		**1,340,587**	1,169,194
Others		**65,433,081**	23,782,492
		₱8,683,259,572	₱7,658,701,402

The expenses are classified in the consolidated statements of profit or loss as follows:

	Note	**September 30, 2023**	September 30, 2022
Cost of sales and services	18	**₱6,790,429,813**	₱6,073,258,643
Operating expenses		**1,892,829,759**	1,585,442,759
		₱8,683,259,572	₱7,658,701,402

20. OTHER OPERATING INCOME AND OTHER LOSSES

20.1 Other Operating Income

This account is composed of the following:

	September 30, 2023	September 30, 2022
Refund from cancelled units	**₱122,453,671**	₱59,597,097
Reversal of payables	**115,283,578**	531,151
Documentation fee	**22,305,745**	9,481,957
Move-in fees	**16,003,264**	5,962,108
Water income	**12,869,497**	10,367,794
Utilities charged to tenants	**12,574,083**	1,798,571
Sponsorships	**11,835,300**	7,953,089
Administrative charges	**9,831,266**	21,534,853
Late payment penalties charged to customers	**9,151,809**	5,104,136
Insurance claims	**5,357,143**	–
Foreign exchange gains	**2,098,750**	5,345,396
Scrap sales	**2,011,678**	2,536,600
Referral incentive	**1,158,656**	1,644,191
Concession income	–	3,522,288
Others	**5,968,136**	8,401,093
	₱348,902,576	₱143,780,324

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 buyer advances and 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 include standard fees charged to the buyers and non-refundable portion of the buyers' payment upon withdrawal from sale.

20.2 Other Losses – Net

	Note	**September 30, 2023**	September 30, 2022
Foreign exchange losses		**₱3,204,108**	₱4,277,600
Loss on sale of asset - net		**17,410**	**–**
Gain on sale of assets - net		–	(291,967)
Other loss		**453,506**	**–**
		₱3,675,024	₱3,985,633

The Group recognized realized net foreign exchange losses arising from collections from buyers and payments to suppliers denominated in foreign currencies.

21. FINANCE COSTS

This is comprised of the following:

	Notes	**September 30, 2023**	September 30, 2022
Interest expense on:			
Loans	14.1	**₱418,605,393**	₱227,879,621
Lease liabilities	11.4	**59,845,987**	55,703,000
Day one loss, net of amortization	5	**3,857,664**	33,756,464
Amortized debt issuance cost		**54,484,013**	31,593,342
		₱536,793,057	₱348,932,427

Interest expense on loans is the portion not capitalized as part of real estate inventory, property and equipment and investment properties (see Notes 6,10 and 12).

22. EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits amounts to ₱433,965,712 and ₱373,176,015 on September 30, 2023 and 2022, respectively (see Note 19).

22.2 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains funded and non-contributory post-employment benefit plans that are being administered by trustee banks that are legally separated from the Group. The trustee banks manage the fund in coordination with the Group's top management who act in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plans cover 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) 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.

23. CURRENT AND DEFERRED TAXES

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 4 and 10 registered projects with BOI as at September 30, 2023 and December 31, 2022, respectively.

The components of tax expense relating to profit or loss and other comprehensive loss follow:

	September 30, 2023	September 30, 2022
Reported in profit or loss:		
Current income tax expense:		
RCIT at 25%	**₱247,988,160**	₱211,079,204
MCIT at 1%	**383,301**	997,707
Final income tax	**1,482,458**	521,960
	249,853,919	212,598,871
Deferred income tax expense relating to origination and reversal of temporary differences	**775,290,418**	508,307,227
	₱1,025,144,337	₱720,906,098
Reported in other comprehensive income:		
Deferred tax expense relating to origination and reversal of a temporary difference on post-employment defined benefit plan	**₱–**	₱–

As of September 30, 2023, CPH, BL Ventures, CCLI and MMDC are subject to MCIT which is computed at 1% 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 ₱782,247 and ₱997,707 for the periods September 30, 2023 and 2022, 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 quarters ended September 30, 2023 and 2022.

24. 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 the consolidated financial statements. A summary of the Group's transactions and outstanding balances with related parties is presented below.

		Amount of Transaction		**Outstanding Balance**	
	Notes	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022
Ultimate Parent Company					
Sale of real estate	24.2	**(₱68,259,907)**	(₱4,589,149)	**₱685,584**	₱75,822,632
Entities under Common Ownership					
Net advances (collections)	24.1	**13,463,859**	(22,000,465)	**48,865,067**	35,401,209
Associates					
Net advances (collections)	24.1	**7,571,217**	368,535	**7,972,349**	401,132
Key Management Personnel					
Sale of real estate	24.3	**(39,666,628)**	(3,212,399)	**–**	53,973,659
Compensation		**115,246,928**	149,885,801	**–**	–

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at September 30, 2023 and December 31, 2022. 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.

24.1 Advances to Related Parties - net

The Group grants cash advances to (from) certain entities under common ownership. An analysis of such advances is presented below.

	Entities Under Common Ownership	Associate	Total
Balance at January 1, 2023	**₱35,401,209**	**₱401,132**	**₱35,802,341**
Additional advances (Collections)	**12,625,466**	**7,571,217**	**20,196,683**
Reclassifications	**838,393**	–	**838,393**
Balance at September 30, 2023	**₱48,865,068**	**₱7,972,349**	**₱56,837,417**
Balance at January 1, 2022	₱57,401,674	₱32,597	₱57,434,271
Additional advances (collections)	–	368,535	368,535
Collections	(22,000,465)	–	(22,000,465)
Balance at December 31, 2022	₱35,401,209	₱401,132	₱35,802,341

24.2 Sale of Real Estate to Ultimate Parent Company

In 2023, 2022 and 2021, the Group sold condominium units to ABS totaling ₱4,638,528, ₱15,445,769 and ₱96,272,362, respectively. The outstanding balance related to these transactions amounted ₱685,584 and ₱75,822,632 as at September 30, 2023 and December 31, 2022 are presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 5).

24.3 Sale of Real Estate to Key Management Personnel

In 2022, 2020, and 2017, the Group sold condominium units totaling ₱34,868,415, ₱52,101,000, and ₱19,767,900, respectively, to key management personnel. Outstanding balance related to these transactions amounted to ₱53,973,659 as at December 31, 2022. These are presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 5).

25. EQUITY

25.1 Capital Stock

Details of the authorized capital stock as at September 30, 2023 and December 31, 2022 are as follows:

	Shares		Amount	
	2023	2022	**2023**	2022
Preferred Shares – P0.10 par value				
Authorized	**1,000,000,000**	1,000,000,000	**₱ 100,000,000**	₱ 100,000,000
Common Shares – P1.00 par value				
Authorized	**10,000,000,000**	10,000,000,000	**₱10,000,000,000**	₱10,000,000,000
Issued				
Balance at beginning and end of year	**3,623,451,997**	3,623,451,997	**₱3,623,451,997**	₱3,623,451,997
Treasury Stock				
Balance at beginning of year	**158,250,530**	161,600,000	**732,664,604**	748,171,901
Reissued during the year	**–**	(3,349,470)	**–**	(15,507,297)
Balance at end of year	**158,250,530**	158,250,530	**732,664,604**	732,664,604
Issued and outstanding	**3,465,201,467**	3,465,201,467	**₱2,890,787,393**	₱2,890,787,393

As disclosed in Note 1.1 to the consolidated financial statements, the Parent Company had an IPO of 430,000,000 unissued common shares at an offer price of ₱5 per share, which is equivalent to ₱2,150,000,000, on June 2, 2017. Accordingly, the Parent Company recognized additional paid-in capital of ₱1,608,917,974 in the consolidated statements of financial position after deducting related share issuance costs of ₱111,082,026.

As at September 30, 2023 and December 31, 2022, common shares issued is ₱3,623,451,997 which amounts to ₱3,623,451,997. There is no issued preferred stock as of September 30, 2023 and December 31, 2022.

The share price of the Parent Company's common stock closed at ₱2.65 and ₱2.80 per share on September 30, 2023 and December 29, 2022, respectively, the last trading days in the PSE.

The Group has no other listed securities as at September 30, 2023 and December 31, 2022.

25.2 Treasury Shares

An analysis of treasury shares as of September 30, 2023 and December 31, 2022, respectively is shown below:

	Shares		**Amount**	
	2023	2022	**2023**	2022
Balance at beginning of year	**158,250,530**	161,600,000	**₱732,664,604**	₱748,171,901
Reissued during the year	**–**	(3,349,470)	**–**	(15,507,297)
Balance at end of year	**158,250,530**	158,250,530	**₱732,664,604**	₱732,664,604

On February 27, 2018, the BOD of the Parent Company approved a ₱250,000,000 budget for a share buy-back program and employee stock option plan. On March 2022, qualified employees started exercising their stock options.

On March 27, 2020, the BOD of the Parent Company approved an additional ₱500,000,000 stock buy-back program for its valuation plans over the next two years.

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.

As at September 30, 2023 and December 31, 2022, total reacquired shares totals 158,250,530 and 161,600,000, respectively, which amounts to ₱732,664,604 and presented as Treasury Stock in the consolidated statement of financial position.

The common stock of the Parent Company that is held under nominee accounts totaled 1,307,052,405 shares as of December 31, 2022.

25.3 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 ₱2.25 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 ₱2.40 per share in 2022 using the Parent Company treasury shares (see Note 25.2).

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.

25.4 Revaluation Reserves

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

	September 30, 2023	December 31, 2022
Balance at beginning of year	**(₱13,910,501)**	(₱13,477,472)
Other comprehensive income:		
Gain on remeasurement of post-employment defined benefit obligation	**–**	(577,372)
Tax expense	**–**	144,343
Balance as at end of period	**(₱13,910,501)**	(₱13,910,501)

25.5 Retained Earnings

(a) Cash Dividends

On March 20, 2023, the BOD declared regular and special cash dividends of ₱0.15 and ₱0.03 per share, respectively, totaling ₱623,736,264 to stockholders on record as of April 18, 2023. Such dividends were paid on April 28, 2023.

On March 15, 2022, the BOD declared regular and special cash dividends of ₱0.112 and ₱0.038 per share, respectively, totaling ₱519,780,220 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 2023 and 2022 are shown below:

Purpose	**January 1, 2023**	**Releases**	**Additions**	**September 30, 2023**
Funding of CLI's projects:				
Mactan Lowaii Project/ Costa Mira Beachtown Mactan	**₱551,585,305**	**(311,563,415)**	**–**	**₱240,021,890**
Masters Tower	**623,204,982**	**(623,204,982)**	**–**	**–**
Casa Mira Towers Bacolod	**567,099,274**	**(137,015,639)**	**–**	**430,083,635**
Mivela Garden Residences	**407,113,996**	**(286,070,615)**	**–**	**121,043,381**
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**	**(260,466,231)**	**–**	**9,667,435**
Velmiro Homes Consolacion	**234,736,163**	**(221,531,217)**	**–**	**13,204,946**
	₱3,931,475,893	**(₱3,117,454,606)**	**₱–**	**₱814,021,287**

Purpose	January 1, 2022	Releases	Additions	December 31, 2022
Funding of CLI's projects:				
Casa Mira Towers Mandaue	₱87,799,633	(₱87,799,633)	–	₱–
Cebu Business Park Office	32,762,848	(32,762,848)	–	–
Mactan Lowaii Project/ Costa Mira Beachtown Mactan	29,141,419	(29,141,419)	551,585,305	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
	₱172,049,912	(₱172,049,912)	₱3,931,475,893	₱3,931,475,893

On December 6, 2022, the Parent Company's BOD approved the appropriation of ₱3,931,475,893 retained earnings for various projects for capital expenditures, financing costs, and other related development costs.

Details of the appropriation are as follows:

i. ₱623,204,982 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. ₱567,099,274 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. ₱551,585,305 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. ₱407,113,996 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. ₱392,233,257 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. ₱338,758,725 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. ₱274,708,994 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. ₱271,901,531 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. ₱270,133,666 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. ₱234,736,163 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 2023 and 2022, the Parent Company released the appropriated retained earnings in 2022 and 2021 for funding of certain projects amounting to ₱2,191,132,391 and ₱172,049,912, respectively, to unrestricted retained earnings after partial fulfillment of its intended purpose.

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.

25.6 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at September 30, 2023 and December 31, 2022 and are as follows.

	NCI Ownership %		**NCI Equity in Subsidiaries**	
Subsidiaries	**2023**	2022	**2023**	2022
YHEST	**50**	50	**₱4,122,250,480**	₱3,875,590,923
El Camino	**65**	65	**1,101,869,255**	1,122,368,628
CHDI	**50**	50	**1,446,693,422**	786,666,552
YHES	**50**	50	**928,496,002**	686,512,645
GGTT	**50**	50	**319,154,324**	267,015,020
YES	**50**	50	**91,153,490**	181,981,225
CLI-LITE	**12**	12	**138,889,343**	124,588,359
MGR	**55**	55	**65,870,322**	101,114,684
CBLRV	**50**	50	**345,958,643**	105,222,808
CCPH	**50**	50	**83,266,615**	91,485,695
MDC	**22**	22	**79,772,747**	79,813,515
BL Ventures	**50**	50	**44,920,752**	74,398,398
SPE	**36**	36	**49,591,756**	14,296,286
			₱8,817,887,151	₱7,511,051,738

An analysis of the movement of NCI as at September 30, 2023 and December 31, 2022 follows:

	September 30, 2023	December 31, 2022
Balance at beginning of year	**₱7,511,051,738**	₱7,092,307,321
Share in net profit during the year	**636,315,413**	437,003,407
New and additional investments	**774,500,000**	61,641,010
Dividends	**(103,980,000)**	(79,900,000)
Balance as at end of period	**₱8,817,887,151**	₱7,511,051,738

As at September 30, 2023, the Board of CHDI and BL Ramos approved the conversion of the loan amounting to ₱517,000,000 and ₱142,500,000 to capital stock.

A non-controlling shareholder of CHDI and SPE contributed ₱75,000,000 and ₱40,000,000 in 2023 and ₱41,641,010 for SPE in 2022, respectively, as additional investment. The additional investment in 2022 includes ₱11,641,010 advanced in 2021 under Trade and other payables and reclassified as equity in April 2022. Additionally, non-controlling shareholders of MDC contributed cash of ₱20,000,000 in 2022.

In 2023, YES and MGR declared cash dividends amounting to ₱140,200,000 and ₱ 61,600,000, respectively, of which ₱70,100,000 and ₱33,880,000 is payable to non-controlling shareholders. In 2022, MGR and BL Ventures declared cash dividends amounting to ₱130,000,000 and ₱16,800,000, respectively, of which ₱71,500,000 and ₱ 8,400,000 is payable to non-controlling shareholders.

26. EARNINGS PER SHARE

EPS is computed as follows:

	September 30, 2023	September 30, 2022
Income available to common stockholders	**₱2,391,775,055**	₱2,200,377,091
Divided by weighted average number of outstanding common stock	**3,465,201,467**	3,464,084,977
Basic and diluted EPS	**₱0.69**	₱0.64

There were no instruments that could potentially dilute basic earnings per share for the periods ended September 30, 2023 and 2022, hence, basic EPS is the same as diluted EPS.

27. COMMITMENTS AND CONTINGENCIES

27.1 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 12). 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.

	September 30, 2023	September 30, 2022
Within one year	**₱70,651,002**	₱68,135,354
After one year but not more than five years	**208,268,279**	160,020,059
More than five years	**162,999,192**	93,800,944
	₱441,918,473	₱321,956,357

Rental income amounted to ₱77,320,899 and ₱54,081,357 as at September 30, 2023 and 2022, respectively (see Note 17). None of the rental income in 2023 and 2022 are relating to variable lease payments.

27.2 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 ₱27,122,973 and ₱19,145,934 for September 30, 2023 and 2022, respectively, and is shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Note 19).

As at September 30, 2023, 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 Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. In 2023, the Group recognized a contract liability amounting to ₱479,989,006 when it collects more than it is entitled to base on the stage of completion of the project development.

27.4 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 September 30, 2023 and December 31, 2022, 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.

28. 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 29. 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:

28.1 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.

28.2 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	**September 30, 2023**	December 31, 2022
Cash and cash equivalents	4	**₱1,347,532,396**	₱1,434,559,762
Receivables [1]	5	**2,374,293,937**	3,657,261,050
Contract assets	17.2	**40,945,009,264**	31,979,063,534
Short-term investments	8	**166,510,467**	204,836,249
Due from related parties	24.1	**56,837,417**	35,802,341
Refundable deposits	13	**149,056,706**	128,384,996
		₱45,039,240,187	₱37,439,907,932

[1] *Receivables excludes advances to officers and employees.*

(b) Credit quality

The Group classifies cash in banks as high grade as these are deposited with reputable banks.

Other receivables (retention receivable, rent receivable, management fee receivable, receivable from hotel operations and others) and refundable deposits are considered to be unrated. For contracts 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.

	2023					
	Neither past due nor impaired			Past due but	Individually	
	High grade	Standard grade	Unrated	not impaired	impaired	Total
Cash	₱1,347,532,396	₱–	₱–	₱–	₱–	₱1,347,532,396
Receivables						
Contract	–	1,613,425,923	–	142,662,889	–	1,756,088,812
Other	–	–	615,990,577	–	2,214,548	618,205,125
Contract assets	–	40,945,009,264	–	–	–	40,945,009,264
Due from related parties	–	–	56,837,417	–	–	56,837,417
Short-term investments	166,510,467	–	–	–	–	166,510,467
Refundable deposits	–	–	149,056,706	–	–	149,056,706
	₱1,514,042,863	₱42,558,435,187	₱821,884,700	₱142,662,889	₱2,214,548	₱45,039,240,187

	2022					
	Neither past due nor impaired			Past due but not	Individually	
	High grade	Standard grade	Unrated	impaired	impaired	Total
Cash	₱1,434,559,762	₱–	₱–	₱–	₱–	₱1,434,559,762
Receivables						
Contract	–	2,246,422,576	–	783,807,551	–	3,030,230,127
Other	–	–	625,221,454	–	1,809,469	627,030,923
Contract assets	–	31,979,063,534	–	–	–	31,979,063,534
Short-term investments	204,836,249	–	–	–	–	204,836,249
Due from related parties	–	–	35,802,341	–	–	35,802,341
Refundable deposits	–	–	128,384,996	–	–	128,384,996
	₱1,639,396,011	₱34,225,486,110	₱789,408,791	₱783,807,551	₱1,809,469	₱37,439,907,932

28.3 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 September 30, 2023 and December 31, 2022, 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
September 30, 2023				
Interest-bearing loans	₱7,744,255,911	₱3,536,262,684	₱20,894,780,291	₱8,297,061,988
Bond payable	–	–	4,009,930,000	990,070,000
Trade and other payables[1]	17,323,639,244	37,942,261	3,751,341,044	–
	₱25,067,895,155	₱3,574,204,945	₱28,656,051,335	₱9,287,131,988
December 31, 2022				
Interest-bearing loans	₱6,173,740,948	₱2,374,903,037	₱ 21,006,645,481	₱ 9,462,451,360
Bonds Payable	168,742,525	168,742,525	3,849,718,073	2,423,031,648
Trade and other payables[1]	11,863,581,836	3,807,034,840	3,135,384,424	–

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 years	More than 5 Years
	₱18,206,065,309	₱6,350,680,402	₱27,991,747,978	₱11,885,483,008

[1] *Trade and other payables excludes government-related obligations, advance rentals and output VAT.*

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AN FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below:

		2023		2022	
	Note	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortized cost					
Cash and cash equivalents	4	**₱ 1,347,532,396**	**₱ 1,347,532,396**	₱1,434,559,762	₱1,434,559,762
Receivables - net[1]	5	**2,374,293,937**	**2,374,293,937**	3,657,261,050	3,657,261,050
Due from related parties	24	**56,837,417**	**56,837,417**	35,802,341	35,802,341
Short-term investments	8	**166,510,467**	**166,510,467**	204,836,249	204,836,249
Refundable deposits	13	**149,056,706**	**149,056,706**	128,384,996	128,384,996
		₱4,094,230,923	**₱4,094,230,923**	₱5,460,844,398	₱5,460,844,398
Financial Liabilities at amortized cost					
Interest-bearing loans	14	**₱40,472,360,874**	**₱40,472,360,874**	₱35,062,290,611	₱32,892,943,912
Bonds payable	15	**5,000,000,000**	**5,000,000,000**	4,930,582,631	5,074,171,211
Trade and other payables[2]	16	**21,112,922,549**	**21,112,922,549**	18,806,001,100	18,806,001,100
		₱66,585,283,423	**₱66,585,283,423**	₱58,798,874,342	₱56,773,116,223

[1] *Receivables - net excludes advances to officers and employees.*
[2] *Trade and other payables excludes output VAT, government-related obligations and advance rental.*

29.2 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 Amount			Related Amounts not set-off		
	Financial Assets	Financial Liabilities Set off	Net Amount	Financial Instruments	Cash Collateral Received	Net Amount
September 30, 2023						
Cash and cash equivalents	**₱1,347,532,396**	**₱–**	**₱1,347,532,396**	**₱1,341,716,256**	**₱–**	**₱5,816,140**
December 31, 2022						
Cash and cash equivalents	₱1,434,559,762	₱–	₱1,434,559,762	₱ 554,474,038	₱–	₱880,085,724

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 Amount			Related Amounts not set-off		
	Financial Assets	Financial Liabilities Set off	Net Amount	Financial Instruments	Cash Collateral Received	Net Amount
September 30, 2023						
Interest-bearing loans and borrowings	**₱40,472,360,874**	**₱–**	**₱40,472,360,874**	**₱1,341,716,256**	**₱–**	**₱39,130,644,618**
December 31, 2022						
Interest-bearing loans and borrowings	₱35,062,290,611	₱–	35,062,290,611	₱554,474,038	₱–	₱34,507,816,573

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., 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.

29.3 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 summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value in the 2023 and 2022 consolidated statements of financial position, but for which fair value is disclosed.

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Cash and cash equivalents	**₱1,347,532,396**	**₱–**	**₱–**	**₱1,347,532,396**
Receivables - net[1]	**–**	**–**	**2,374,293,937**	**2,374,293,937**
Due from related parties	**–**	**–**	**56,837,417**	**56,837,417**
Short-term investments	**166,510,467**	**–**	**–**	**166,510,467**
Refundable deposits	**–**	**–**	**149,056,706**	**149,056,706**
	₱1,514,042,863	**₱–**	**₱2,580,188,060**	**₱4,094,230,923**
Financial Liabilities				
Interest-bearing loans	**₱–**	**₱–**	**₱40,472,360,874**	**₱40,472,360,874**
Bond payable	**–**	**–**	**5,000,000,000**	**5,000,000,000**
Trade and other payables[2]	**–**	**–**	**21,112,922,549**	**21,112,922,549**
	₱–	**₱–**	**₱66,585,283,423**	**₱66,585,283,423**

	2022			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	₱1,434,559,762	₱–	₱–	₱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
	₱1,639,396,011	₱–	₱3,821,448,387	₱5,460,844,398
Financial Liabilities				
Interest-bearing loans	₱–	₱–	₱35,062,290,611	₱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
	₱–	₱–	₱58,798,874,342	₱58,798,874,342

[1] Receivables - net excludes advances to officers and employees.
[2] Trade and other payables excludes output VAT, government-related obligations and advance rental.

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, 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 September 30, 2023 and December 31, 2022. However, the fair values of its investment properties are required to be disclosed, as shown in Note 12 to the consolidated financial statements.

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.

	Level 1	Level 2	Level 3	Total
Investment property	₱–	₱4,841,294,839	₱15,785,882,247	₱20,627,177,086

In 2022, 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:

(a) 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.

(b) 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 year ended December 31, 2022.

30. 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:

	September 30, 2023	December 31, 2022
Total interest-bearing loans and borrowings and bonds payable	**₱45,178,756,111**	₱39,992,873,242
Total equity	**24,087,489,100**	21,012,614,893
Debt-to-equity ratio	**1.88:1.00**	1.90:1.00

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 14). The Group has complied with its covenant obligations as at September 30, 2023 and December 31, 2022.

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.