CEBU LANDMASTERS
We Build with You in Mind

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GOING BEYOND

INTEGRATED REPORT 2021

GOING BEYOND

Cebu Landmasters, Inc. (CLI) flourished amid adversity. We were not spared by the many challenges in 2021, brought about by the extended pandemic and onslaught of Typhoon Odette. These triggered shifts in the industry such as in customer behavior, market demand, stakeholder needs' and business operations, among others. We took all these uncertainties in stride, adapted, and aimed higher than ever.

We have consistently delivered and have remained an industry leader. No matter the circumstance, we have continued to provide first-rate service to our customers, communities, and employees. Customer-centricity and community focus are part of our core values – it has driven us to go above and beyond expectations.

The events in the past year provided us with the opportunity to examine how we can make our company more resilient. We were reminded of the interconnectedness and interdependencies of our actions. This urged us to view our development plans and targets through the sustainability lens – prioritizing our common goal of building a better future.

As we continue to navigate our current reality and accelerate our expansion to new businesses, our goal is to move beyond business as usual. We intend to adhere to the best business practices and streamline our focus to what matters most: people, planet, and profit. We prioritize the health and welfare of our people, our customers, and our communities while ensuring business continuity. In strengthening our brand and competitiveness, we create better systems, more innovative projects, more productive communities, and improve our customers' and other stakeholders' quality of life. We are committed to managing our impacts, mitigating risks, and building resilience. Only through this paradigm shift can we truly create a lasting positive impact on our environment, economy, and society.

ABOUT THE REPORT

We strive for excellence in all aspects. This 2021 Integrated Report marks our journey in upgrading our sustainability efforts to integrate them with every stage of our value chain. This IR presents our subsidiaries' consolidated information on our financial, economic, environmental, social, and governance performance from January 1, 2021, to December 31, 2021.

We follow global standards and best practices. This report was prepared according to the principles of the Integrated Reporting <IR> Framework and shows how our strategy, good governance, and performance affect value creation in the long term. We aligned our value chain with the United Nations Sustainable Development Goals (UN SDGs) to further understand our contributions to the Goals. Our material topics were also cross-referenced with the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB).

We aim to solidify our commitment to holistic growth, promoting integrated thinking and decision-making that contributes to sustainable development.

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ABOUT THE COMPANY

HISTORY

Cebu Landmasters' story began with a vision to provide quality homes for everyday Filipinos. Jose R. Soberano III founded Cebu Landmasters, Inc. (CLI) in 2003. He spotted untapped housing opportunities in the countryside of Cebu and named CLI's first project after his patron saint, San Josemaria Village located in Balamban. Along with only two employees, he managed to sell all properties immediately.

Since then, we have expanded to more economic housing projects in rural areas up to the cities, diversified our portfolio, and expanded across Visayas and Mindanao. Today, CLI has more than 100 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 15 key cities in the VisMin regions. CLI's initial public offering and listing on the Philippine Stock Exchange on June 2, 2017 was instrumental in this growth, as it generated PhP 2.15 billion worth of fresh capital from investors – boosting our expansion in new locations and fueling our various projects.

CLI was solidified as an industry leader by winning the Best Commercial Development Philippines Property Award (PPA) in 2014 for Park Centrale, a sustainably-designed prime office building in Cebu I.T. Park. This was a first for the Cebu real estate industry. Five years later, CLI bagged the Best Developer of the Philippines in PPA and Asia Property Awards in 2019, winning against other well-established players in the industry. Based on the Santos Knight Frank's 2020 real estate market study, CLI has sustained its market leadership as the leading developer in VisMin in spite of the COVID-19 pandemic.

VISION

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

MISSION

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

CORE VALUES

CUSTOMER-FIRST:
Create Extraordinary Experiences
Our customers are our top priority, ensuring they have the best experience possible.

COLLABORATION:
Move Forward as One Team
We value teamwork and collaboration as key factors in driving our business forward.

COMMITMENT:
Walk the Talk and Deliver Results
We are committed to delivering our promise of pursuing excellence in our projects and world-class hospitality to our clients.

LEADERSHIP:
Masters Lead the Way
We have the honor and responsibility as leaders in the real estate industry in Visayas and Mindanao.

INTEGRITY:
Uphold the Highest Moral Standards
We uphold the highest moral standards with zeal and integrity.

AGILITY:
Think Big and Think Fast
We are highly driven to take immediate action in response to the rapidly changing needs of our market.

CEBU LANDMASTERS ADVANTAGE:
THE FOUR PILLARS

Our assets and quality of service set us apart from other developers in the country. By working with us, customers can rely on CLI to provide top-notch experiences.

HANDS-ON SERVICE

We eagerly accommodate clients' needs with our excellent hands-on service before, during, and after property turnover. This includes in-house sales support, monthly construction updates, In-house CLI Property Management (CLIPM), and a dedicated customer relations team that responds within 24 hours during office days.

WIDE RANGE OF CHOICES

We take pride in our diverse portfolio of projects located in key VisMin cities including Cebu, Bogo, Balamban, Mactan, Talisay, Naga, Minglanilla, Mandaue, Davao, Cagayan de Oro, Bacolod, Ormoc Dumaguete, Iloilo, Puerto Princesa and Bohol. We offer developments such as residences, mixed-use developments, hotels, offices, retail, townships, estates, and resorts.

VISMIN EXPERTISE

Our local knowledge and expertise in the Visayas and Mindanao regions allow us to strategically select prime locations and offer the best value for our projects.

GENEROUS AMENITIES

We promise nothing but high-quality delivery through value-added amenities that cater to our customers' every need. These include chapels, pools, basketball courts, meditation gardens, clubhouses, and other facilities, which vary per project.

BUSINESS PRINCIPLES AND BUSINESS MODEL

Our business principles and model allow us to create value for our stakeholders over the short, medium, and long term through business activities.

BUSINESS PRINCIPLES

CLI's business principles serve as our guide in decision making across the value creation process.

LEADERSHIP IN VISMIN PROPERTY DEVELOPMENT

DIVERSIFIED PORTFOLIO

SOCIALLY RESPONSIBLE DEVELOPMENT

STRENGTH IN RESOURCE ALLOCATION

STRATEGIC LOCATION SELECTION

EXPERIENCED TEAM AND ORGANIZATIONAL CULTURE

STRATEGIC PARTNERSHIPS

OPERATIONAL EXCELLENCE

HOW WE CREATE VALUE

Our business model creates value throughout our business activities in property development and management. We produce outcomes from our six capitals that bring economic, social, and environmental benefits to our customers, communities, and employees.

CAPITALS (INPUTS)	KEY BUSINESS ACTIVITIES	OUTPUTS	OUTCOMES
Financial Intellectual Human Manufactured Natural Social or Relationship	**PLANNING AND DEVELOPMENT** 1. Site Selection and Land Acquisition 2. Business Development and Technical Planning and Design 3. Construction and Engineering • Strategic Landbanking • Residential Development • Mixed-Use Development • Hotel Development • Township Development **OPERATIONS AND MANAGEMENT** 4. Marketing and Sales 5. Customer Relations 6. Leasing Operations 7. Hotel Operations 8. Property Management • Residential Units Sales • Leasing: Office, Retail and Residential Space • Hotel Operations • Property Management • New Businesses **TOP TEN RISKS** 1. Changing market demand 2. Permitting and licensing delays 3. Project execution and delivery 4. Data integrity and accuracy 5. Environmental- and climate change-related 6. Financial 7. IT systems 8. Health & Safety 9. Regulatory compliance 10. Partnership and alliance	63 Residential Products • 29,326 units across 172 ha. • 29 Completed • 24 Under Construction 4 Socialized Housing Medium-Rise Building (MRB) Tenements • 1 under construction • 3 under planning 6 Offices 8 Hotels (180 keys operational) 3 Townships 8 Mixed-Use Developments Leasing assets • 29,000 sqm GLA	Business growth or favorable economic performance Solid and healthy balance sheet Increased employment and improved local economy Resilient and sustainable housing and community spaces Customer loyalty Enhanced brand value Resource conservation and reduced environmental impacts Healthy and motivated employees Productive and self-reliant communities Better living conditions Strengthened partnerships

SUBSIDIARIES AND ASSOCIATE

We maximize our capacity to generate value by expanding and diversifying our operations and forming partnerships with other companies.

CEBU LANDMASTERS, INC.

SUBSIDIARIES

CLI Premier Hotels Int'l. Inc. (CPH)
100%

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

El Camino Developers Cebu, Inc. (El Camino)
35%

Gothong Southern, 12 Sika Holdings, Acrissor Dev't Corp, RKD Property Holdings, Inc.
Partners

Mivesa Garden Residences, Inc. (MGR)
45%

Yuson Excellence Soberano, Inc. (YES)
50%

Yuson Commercial Investments, Inc.
Partner

Yuson Huang Excellence Soberano, Inc. (YHES)
50%

Yuson Strategic Holdings, Inc., Davao Filandia Realty Corp.
Partner

YHEST Realty and Development Corporation (YHEST)
50%

Yuson Strategic Holdings, Inc., Davao Filandia Realty Corp., Plaza de Luisa Development, Inc., Yuson Newton Corp & Strategic Holdings, Inc., Davao Primeland Properties, Inc.
Partners

Ming-mori Development Corporation (MDC)
80%

UKC Builders, Inc.
Partner

YHES Premier Hotels Inc. (YHESPH)
50%

Yuson Strategic Holdings, Inc., Davao Filandia Realty Corp.
Partners

Cebu BL-Ramos Ventures, Inc. (CBLRV)
50%

Borromeo Bros. Estate, Inc.
Partner

BL CBP Ventures, Inc. (BL Ventures)
50%

Borromeo Bros. Estate, Inc.
Partner

Cebu Homegrown Developers, Inc. (CHDI)
50%

Ixidor Holdings, Inc.
Partner

CLI-LITE
87.5%

Lite Shipping Corporation
Partner

GGTT Realty
50%

IBC International Builders Corporation
Partner

Sugbu Prime Estate
75%

Sugbu Prime OPC
Partner

ASSOCIATE

Magspeak Nature Park, Inc. (Magspeak)
25%

Bob Gothong, Segundino Selma, Jr., and Ricarido King
Partners

2021 AWARDS AND RECOGNITIONS

We maintained market leadership in the VisMin and bagged several accolades. We won several awards at the 9th Annual PropertyGuru Philippines Property Awards in 2021; we were awarded as the Fastest Growing Real Estate Developer in the Philippines by the 2021 International Finance's Real Estate Awards; and recognized as one of the Top Ten Developers 2020/2021 Philippines by BCI Asia during the BCI Asia Awards 2020/2021.

DEVELOPER AWARDS AND RECOGNITIONS

- **Best Developer (Visayas)**
  9th Annual PropertyGuru Philippines Property Awards
- **Best Developer (Mindanao)**
  9th Annual PropertyGuru Philippines Property Awards
- **Special Recognition in Environmental, Social, and Governance (ESG)**
  9th Annual PropertyGuru Philippines Property Awards
- **Special Recognition in Sustainable Design & Construction**
  9th Annual PropertyGuru Philippines Property Awards
- **Top Ten Developers 2020/2021 Philippines**
  BCI Asia Awards 2020/2021
- **Fastest Growing Real Estate Developer in the Philippines**
  2021 International Finance's Real Estate Awards

DEVELOPMENT AWARDS AND RECOGNITIONS

9TH ANNUAL PROPERTYGURU PHILIPPINES PROPERTY AWARDS

- Best Township - Davao Global Township
- Best Mega Mixed-Use Development - Patria de Cebu
- Best Housing Development (Mindanao) - Velmiro Uptown CDO
- Best Hotel Interior Design - Radisson Red Cebu Mandaue
- Best Condo Development (Visayas) - MesaVirre Garden Residences in Bacolod City
- Best Condo Development (Metro Davao) - One Paragon Place
- Best Affordable Condo Development (Metro Cebu) - Casa Mira Towers Mandaue

16TH ANNUAL PROPERTYGURU ASIA PROPERTY AWARDS

- Best Township in Asia - Davao Global Township

AT A GLANCE

EESG PERFORMANCE HIGHLIGHTS

ECONOMIC

DEVELOPING SUSTAINABLE AND RESILIENT SPACES

48% (2,725)
of 5,696 residential units dedicated to economic housing segment from 10 new residential projects

total of 63 residential projects
across 172 hectares with a project value of P86.2 billion by end of 2021

construction of
100-unit socialized housing building
for the bottom-of-the-pyramid sector in Cebu City

Latitude Corporate Center, first commercial building in Cebu with a
5-star rating for sustainable design and construction
awarded by BERDE

GROWING THE BUSINESS AND SUPPORTING LOCAL MARKETS

P2.612 Billion
YOY growth on Net Income

Robust Sales Take up YOY to
P16.526 Bn

P7.13 Billion
Payments to Contractors, Suppliers, and Consultants

70%
paid to Visayas-Mindanao sources

90%
paid to Filipino Suppliers accross the country

P390 Million
Dividends given to stockholders and interest payments to loan providers

P11.162 Billion
revenues

35% growth YOY

P2.612 Billion
in Net Income to parent

42% increase
surpassing pre-pandemic levels (2019) by 30%

Job Generation
12,217

P450 Million
Salaries and Benefis

P1.48 Billion
Payments to Creditors

P350 Million
Taxes paid to government

Aside from our excellent financial performance, CLI achieved significant milestones in our environmental, social, and good governance programs and efforts.

ENVIRONMENT

CONSERVING RESOURCES, MANAGING IMPACTS AND PROTECTING ECOSYSTEMS

MATERIALS USED

52.4 million cu.m
of sand

38.9 million cu.m
of gravel

72,831 tonnes
of steel (rebars)

323,848 tonnes
of cement

38,450 sqm
of glass

70% increase
in rebars used (kg)

326% increase
in the cement used (kg) for owner-supplied materials

ENERGY

68,009.41 GJ
direct and indirect energy from corporate offices, showrooms, managed properties and construction projects

EMISSIONS

3,764.59 MTCO2e
Scope 1 (fuel used)

3.87 MTCO2e
Scope 2 (purchased electricity)

4.45 MTCO2e
Scope 3 (emission of tenants/ unit owners)

3,885.78 MTCO2e
Total Emissions

BIODIVERSITY

6,000 native trees
(9 native tree species)planted in Magspeak Nature Park in Brgy. Sunog in Balamban in partnership with the farmers of BUKID-MPC

WATER WITHDRAWAL

1,173,265.48 cu.m
used in corporate offices, showrooms, managed properties and construction projects

SOCIAL

ENGAGING AND INVESTING IN OUR PEOPLE

11:9 gender ratio
all organic employees

P1.63 Million
spent on employee engagement activities

2,370 vaccines
administered to employees and their dependents

14% higher entry-level wage
vs. local minimum wage

Launch of CLI Behavioral Competencies

Daily Shuttle Service
for commuting employees to reduce COVID exposure

P0.9 Million
spent on seminars and trainings

P15.4 Million
Health and wellbeing investments

Flexible Work Arrangement

ENGAGING AND INVESTING IN OUR CUSTOMERS

1,785
total number of brokers/ sellers engaged

P403.1 Million
in brokers/sellers' commissions and incentives

CLI continued to extend promotions to sellers and buyers, provided stretched payment terms, and amnesty on penalties for late payments. Customers were provided deferral plans which allowed them to pay their arrears for an extended period.

ENHANCEMENTS IN DIGITAL PLATFORMS AND CUSTOMER MANAGEMENT STRATEGIES

- **Buy-A-Home microsite** to provide sales partners quick access to new project inventories and promotions;
- **Masters Portal application** for homeowners to track their payment status, get CLI construction updates and promos; and
- **Facebook chatbot** for 24/7 response to general inquiries.
- **Online Reservation Process**
- **CLI Elite Circle:** Buyers' Rewards & Loyalty Program
- **Flagship Sales Office Opening & New Features:** Digital/Queuing System, Ticketing General Queries Counter, Interactive screens
- **Virtual Launches/Events**
- **Virtual Turn over Experience**

ENGAGING AND INVESTING IN OUR PARTNER COMMUNITIES

TYPHOON ODETTE RESPONSE
CLI responded to the needs of its host communities after the typhoon. CLI provided food packs, water, roofing materials and solar lamps to over 4,000 families in 22 barangays

CONTINUING PANDEMIC RESPONSE
CLI contributed P1 million in allowances for nurses in COVID wards in six (6) partner hospitals in Cebu City

COMMUNITY ENGAGEMENT
Engaged women's Organizations and Fisherfolks associations in Brgy. Calajoan, Tungkil and Tungkop, Municipality of Minglanilla

GOVERNANCE

ACHIEVING ORGANIZATIONAL EFFICIENCY AND GOOD CORPORATE GOVERNANCE

3 INDEPENDENT DIRECTORS
in the CLI Board; Independent director chairs Risk Oversight, Audit, Nomination, Related Party Transaction and Corporate Governance Committees of the Board

ROLLED OUT/CASCADED POLICIES AND PROGRAMS
on: CLI's Handbook on Employee Discipline, Transfer Pricing Policy, Anti-Money Laundering and Terrorist Financing prevention

AMLC
Anti-Money Laundering Council

As of yearend, 19 CLI-owned entities and joint-venture companies are registered with the Anti-money Laundering Council pursuant to RA 11521

CLI ENTERPRISE RISK MANAGEMENT COMMITTEE IN PLACE

100% COMPLIANCE
to all regulatory requirements of the PSE and SEC

Environmental Social & Governance

CLI received
SPECIAL RECOGNITION IN ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)
in the Philippine Property Awards in 2021

DIGITAL INNOVATIONS
to strengthen organizational efficiencies and optimize internal business processes

CONTRIBUTION TO THE UN SDGS

SUSTAINABLE DEVELOPMENT GOALS

We intend to amplify our impacts by committing to the key SDGs we contribute to through our projects and programs. CLI focuses on allocating resources and efforts in these areas to better strive for sustainable development and help improve people's quality of life.

We invest in the health and wellbeing of our employees.

- Enhanced HMO coverage for [100%] of
- organic employees
- 2,370 free COVID-19 and flu vaccines administered to employees and dependents
- PhP 15.4 million health and wellbeing investments, 281% increase from 2020
- Medical drives
- Mental health programs

We promote diversity and equal opportunity in the workplace and areas of operations.

- 11:9 female to male employee ratio

We create conditions that allow people to have livelihoods that promote healthy spaces, good work environments, and best practices.

ECONOMIC GROWTH

- Php 11.162 billion in Revenues; a growth of 35% YOY and Php 2.612 billion in Net Income to parent, an increase of 42% surpassing pre-pandemic levels (2019) by 30%
- PhP 451 million salaries and benefits, 23% increase from 2020
- PhP 7.13 billion payments to contractors, suppliers, and consultants, 106% increase from 2020
  - 90% paid to Filipino suppliers, 70% paid to VisMin sources
  - Suppliers - 99% of Filipino-owned, 74% VisMin-based
- Distribution of dividends
  - PhP 1.3 billion distributed since 2018
  - Cash dividends at PhP 0.112 per share
  - Stock dividends of 123% per share

DECENT WORK

- Entry-level wage is 14% higher than local minimum wage
- PhP 0.9 million and 5,946 hours for training and seminars, 94% increase from 2020
- Compliance with labor codes and regulations protecting employees' rights

We set the trend in developing socialized housing and medium-rise buildings for the urban poor.

- 10 new residential projects with 5,696 residential units, 48% are for the economic housing segment
- 100-unit medium-rise socialized housing building in Cebu City

Our developments provide employment opportunities and support local businesses.

- Generated over12,217 jobs from direct hires, indirect hires, and those supported by CLI's properties
  - 572 organic employees
  - 82 PM organic employees
  - 329 outsourced personnel (managed properties)
  - 89 outsourced personnel (corporate offices, branch offices, and showrooms)
  - 47 hotel operations
  - 9,933 construction sites
  - 1,165 occupants or workforce of CLI-owned properties' tenants

We provide access to affordable housing, as well as build well-planned, healthy and eco-efficient residential, office, hotel, mixed-use, and township developments.

- 63 residential projects across 172 hectares
- The Latitude Corporate Center will be the first mixed-use commercial building in Cebu to receive a 5-star BERDE rating for sustainable design and construction

We track resource use and commit to managing our impacts.

- Established baseline data for materials used, energy consumption, water consumption and discharge, GHG emissions, and solid waste

We strive to manage our environmental impacts and seek to help protect ecosystems through various initiatives, collaborating with host communities and external partners.

- Planted 6,000 seedlings of native tree species in MagSpeak Nature Park
- Initial assessment of of 1.4 hectares of mangrove area in Ming-Mori Development
- 100% LED lighting in new developments
- CLI advocates for green building design, has in-house Certified Green Building practitioners, and is a member of the Green Building Council

HOW WE CREATE VALUE:

SIX CAPITALS APPROACH

Cebu Landmasters creates shared value, mainly through developing and managing properties that enable clients to live a good quality of life. We leverage our six capitals to provide customers with the best service while caring for our communities and workforce.

NATURAL CAPITAL

Since we develop and manage properties, all of our other capitals ultimately draw from renewable and non-renewable environmental resources. We practice resource efficiency and manage our impacts to protect ecosystems for CLI's sustainability and future generations.

Landbank: 103 ha
Materials:
Cement: 323,848 ton
Glass: 38,450 sqm
Gravel: 38.9 million cu.m
Sand: 52.4 million cu.m
Steel: 72,831 ton

Energy
48,821.08 GJ direct energy fuel used to operate gensets and to run vehicles
19,188.33 GJ indirect energy (purchased electricity)
Water consumed:
1,173,265.48 cu.m of water consumed

MANUFACTURED CAPITAL

We develop and manage a highly diverse portfolio of products. Our properties are in the best locations, spread across the 15 key cities in VisMin.

Real Estate Products
Residential: 63 (72.4%)
Hotels: 8 (9.20%)
Offices: 6 (6.90%)
Retail: 8 (9.20%)
Townships: 2 (2.30%)

Leasing Assets
From new 2021 projects: 29,133 sqm GLA
Under construction: 46,600 sqm
Hotel operations: 180 rooms with 97% average occupancy
1,595 rooms under construction

HUMAN CAPITAL

As a people-centric company, we prioritize the well-being and development of our workforce. Our human capital is indispensable to our operations. Like with natural resources, our employees and their skills influence the value of all other capitals.

Total direct and indirect hires: **11,052**
Organic employees: **572**
Property management organic employees: **82**
Outsourced personnel in managed properties: **329**

Outsourced personnel in corporate and branch offices and showrooms: **89**
Hotel operations workforce: **47**
Construction workforce: **9,933**

SOCIAL AND RELATIONSHIP CAPITAL

We have been able to establish and maintain our social capital throughout the years. We have a strong relationship with the local broker community; we are a trusted brand by clients and customers; and a preferred partner of landowners, as demonstrated by our successful joint venture (JV) partnerships.

We are present in 21 cities and municipalities, and 48 barangays across the Visayas and Mindanao Regions.

INTELLECTUAL CAPITAL

CLI has a distinguished brand with a reliable track record of project execution – this makes us the leading property developer in the VisMin region.

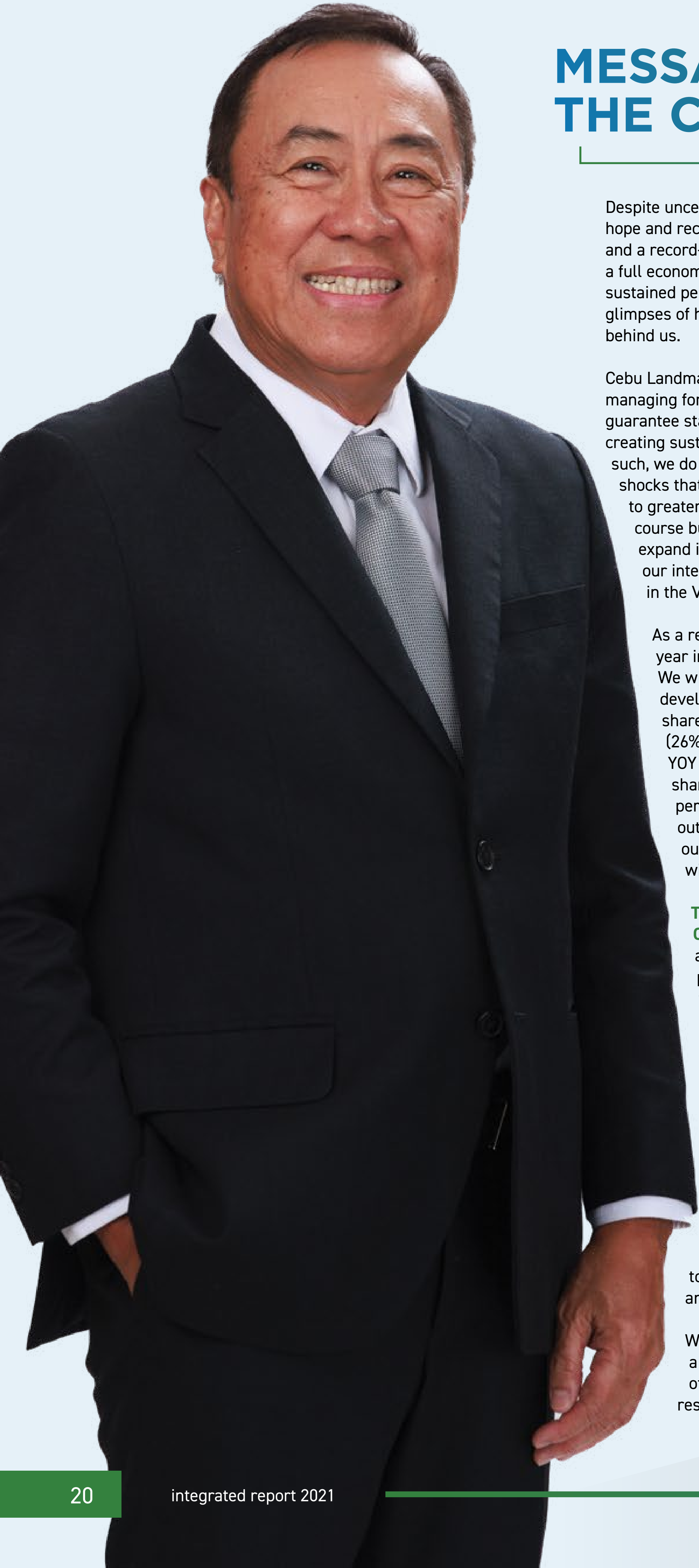
Our core competencies allow us to directly increase the value of our human, social, and financial capitals.

- We have local knowledge, mastery, expertise, and dominance in VisMin
- We are an established name and trusted brand
- Our fast turnover of projects
- Our hands-on, personalized, and digitized customer experience
- Our strong track record in the market segments
- Award-winning planning and design
- Pandemic resilience in operations, construction, product demand, and innovation
- After-sales and in-house property management support

FINANCIAL CAPITAL

We have built a strong and steadfast financial position, especially considering the challenges we faced throughout the pandemic. Our financial capital fuels our developments, ultimately affecting how we create value and our sustainability as a company. As such, CLI ensures that funds are available to provide quality real estate products and provide services. In 2021, we had a total capital expenditure of Php 9.7 billion allocated mainly for property development. We source these funds from internal profit-generating operations and from external capital, both equity and debt. We loan from local banks and institutions, while our equity comes from being a publicly-listed company on the Philippine Stock Exchange.

Investor trust is of utmost importance to CLI, which is why we are highly committed to good governance, prudent risk management, and financial responsibility to generate returns for our shareholders.



MESSAGE FROM THE CHAIRMAN

Despite uncertainties, 2021 was undoubtedly a year of hope and recovery. While periodic surges in COVID-19 and a record-breaking typhoon dashed expectations of a full economic upswing, we nevertheless witnessed sustained periods of dynamic business activity and glimpses of hope that the worst of the pandemic may be behind us.

Cebu Landmasters, Inc. has always believed in managing for the long-term, given our mission to guarantee stakeholder satisfaction by building and creating sustained value for future generations. As such, we do not view this prolonged pandemic and the shocks that it may still bring as a significant roadblock to greater success. In fact, we not only stayed the course but even took 2021 as an opportunity to expand into new business segments, recalibrate our internal systems, and deepen our investments in the Visayas and Mindanao regions.

As a result, we managed to turn an unpredictable year into an extraordinary year of growth. We widened our lead as the top residential developer in Visayas-Mindanao with the largest share in the condominium (33%) and subdivision (26%) markets. We ended 2021 with a 42% YOY growth in net income attributable to CLI shareholders, surpassing our pre-pandemic performance (30%). We finished strong with outstanding top-line growth of 35%, even as our reservation sales similarly proved robust with a 16% YOY increase.

TURNING CHALLENGES INTO OPPORTUNITIES. None of our accomplishments would have been possible if our teams did not have the foresight to realize and take advantage of the opportunities of the last two years of this pandemic. For example, we leveraged digitalization to deliver uninterrupted customer services. So far, our digital efforts have produced a Facebook chatbot named CLIO, 360 Virtual Tours, a platform for virtual launches, a Virtual Turnover Experience where buyers can inspect their units online, an online selling exhibit called the CLI Homefest, and our Masters Portal app to allow buyers and sellers to track their accounts status, new projects and events, and construction updates.

We likewise deepened our commitment to a quick project turnaround for the benefit of our buyers despite continued mobility restrictions and supply chain interruptions. Our construction activities stayed in full swing throughout the year to catch up for any significant delays in 2020. This move enabled us to maintain our stellar delivery track record so customers can immediately enjoy the fruits of their investments.

Beyond customer service, we also redefined 2021 not as an obstacle to overcome but as an opportune year for greater expansion and product innovation. Consequently, CLI further cemented its leadership in VisMin with our stronger presence in hospitality and tourism and the launch of our third township as well as ten new projects.

In our continuing effort to contribute in filling in the region's housing backlog, we successfully expanded our footprint with Casa Mira Ormoc, our first Casa Mira brand project in Leyte.

In July, we announced the P2.5-billion Abaca Resort Mactan, our first resort development.

In the following month, we signed an agreement to acquire and develop 14.3 hectares of Xavier University (XU) — Ateneo de Cagayan's Manresa property in uptown Cagayan de Oro into a mixed-use university town called Manresa Town. The proceeds of the acquisition will be used to develop the new 21-hectare XU Masterson Campus dubbed as Campus of the Future, which will seamlessly blend with the adjacent Manresa Town, and surrounded by a 25-hectare forest reserve. This quickly followed our 22-hectare Davao Global Township and the 100-hectare Minglanilla Techno Business Park in Cebu — only three years since we ventured into township development.

When challenges arose, CLI instantly took action. After Typhoon Odette wreaked havoc last December 2021, we worked together with the entire community to rebuild VisMin. Our top priority was to provide immediate support to our employees, homeowners, and communities where CLI is present. We granted financial assistance to our employees, ensured restoration of power and water supply across CLI properties, voluntarily provided PhP 30 million worth of free roof repairs for more than 800 affected CLI homeowners, and implemented a mass relief distribution drive over the typhoon-hit communities within and surrounding our development areas.

HEIGHTENED FOCUS ON SUSTAINABILITY. A vital part of our company's growth strategy is having the right capacity and mindset to create resilient, greener mixed-use environments, residential communities, office and condominium buildings, and sustainable townships.

In 2021, we followed through on this commitment by conducting a stock-taking exercise to review our ability to create value through a sustainability lens. This exercise analyzed our use of capitals and resources while accounting for the significant risks that affect our communities. It also led to this publication, as shown in the subsequent pages of this 2021 Integrated Report. This report is integral to our goal of making sustainability an inherent part of our operations. With this exercise, we can fully use all our available data for better decision-making, improved organizational efficiency, increased transparency, and enhanced brand value.

With this move, we now have a five-pillar sustainability strategy and framework. This framework focuses on creating sustainable spaces, supporting local markets, conserving and managing resources and environmental impacts, engaging and investing in our communities, and achieving organizational efficiency and good governance. Guided by these pillars, sustainability will become integral to the strategy direction and implementation process of CLI at both board and management levels.

BEYOND 2021. In strengthening our role within our communities through sustainability, we firmly dedicate ourselves to putting our company in the best possible position to benefit from post-pandemic recovery and future growth prospects. All of your company's efforts and achievements in 2021 contribute to CLI's ultimate goal to future-proof our company. We expanded our landbank to aid our growth targets by acquiring 41 hectares of high-value land. These acquisitions bring our total land bank to 103 hectares worth P12 billion. We are also set to launch 21 pipeline projects worth P31.5 billion.

Backed by solid growth drivers, our upward growth trajectory in 2022 and beyond is underpinned by the continued enhancement of our corporate governance measures. We have grown from two employees into a dynamic team of over 700 people by maintaining a culture of excellence and adhering to the highest governance standards. In 2021, we continued to go beyond compliance by improving CLI's internal controls, risk management processes, institutionalizing checks and balance controls, and other governance-related policies and procedures. In recognition of our continued efforts this year, CLI received a Special Environment, Social and Governance (ESG) recognition from PropertyGuru Philippines Property Awards.

We attribute all these improvements in the VisMin communities we are present in to CLI's rootedness in the exercise of its values of integrity, foresight, and discipline. What matters most to us is seeing our hard work and dedication transform into thriving townships and property developments that uplift the lives of people who benefit from our projects. We dedicate all our accomplishments and the growth we have attained, thus far, to our stakeholders - employees, customers, investors/stockholders, partners, contractors/ suppliers, residents, and tenants – who share CLI's quest in creating sustainable developments that bring out the best in us.

JOSE SOBERANO III
Chairman and CEO

MESSAGE FROM THE COO

Dear **CLI Family,**

When the Company overcame great adversity in 2020, there was such a strong belief and momentum that carried us forward in 2021. While the pandemic still presented several challenges during the year, our relentless drive to both cater to the underserved housing market and uplift the local real estate industry propelled us to surpass CLI's pre-pandemic financial performance by an industry-leading 30%. This can be attributed to a growing commitment to stewardship and leadership. CLI embraces its market leadership with a lot of humility, as the company feels year in and year out that there is always more value it can deliver to its homeowners, partners, shareholders, and community. We continue to blaze a meaningful and effective trail throughout the Visayas and Mindanao, reinforced by an operationally hands-on and responsive organization that is constantly seeking to make a greater impact in the community.

VISMIN LEADERSHIP

When the Company was listed on the Philippine Stock Exchange in June 2017, CLI had over 11,000 residential units in various stages of development. As of end-December 2021, we have tripled this to 30,000 units accompanied by a growing office, retail, hospitality, mixed-use, and township portfolio in over 15 of the most strategic VisMin hubs. Across these 30,000 units, we are 90% sold out of an PhP 86.2 billion Total Project Value. These figures, which ultimately translate to a significant investment, represent our utmost commitment to the VisMin region, and it reflects the highly sustained and under-tapped potential of the territory. In 2021 alone, CLI launched ten new projects with over 6,000 new units in Cebu, Iloilo, Mandaue, Lapu-Lapu, Bacolod, Ormoc, and Cagayan de Oro. From these newly launched projects, over PhP 12.7 billion of new reservation sales were generated which contributed to a record total of PhP 16.5 billion in new reservation sales in 2021, 16% more than the previous year.

In our various trips around VisMin, it is very fulfilling to see our brand of development embraced in the region. Beyond the selling and development success, we are inspired by the new partnerships we have forged with various suppliers, contractors, broker partners, and community leaders. Market leadership means that we, as a company, must continue excelling to be of greater service to all the hardworking individuals and companies who depend on their respective local real estate industries.

HANDS-ON AND OPERATIONAL LEADERSHIP

With restrictions easing and vaccination rates increasing in 2021, the Company set out on a mission to not only be virtually connected, but also physically present in its various projects around the region. There was a persistent effort to travel to various project sites to ensure our leadership team and regional teams were perfectly aligned on targets and strongly attuned to the best expectations of our homeowners. Operationally, our regional offices in Davao, Cagayan de Oro, Dumaguete, Iloilo, Bacolod, Bohol, Ormoc, and Palawan were beefed up further to ensure our sales, accounting, documentation, construction management, and property management services were rendered at the highest levels while the country was transitioning to reopen the economy further.

This ability of CLI to continue playing a strong "ground game" enables the Company to expand its leadership. We have always believed that real estate needs real interaction and real sincerity on the ground. This allowed us to break ground on several significant projects including Patria de Cebu in time for the 500th year of Christianity celebrations, Terranza Residences in Iloilo, Mandtra Residences in Mandaue, Masters Tower in Cebu Business Park; and also announce milestone projects with the MOA signing for the Xavier University Masterson Campus and Manresa Town in CDO, a new co-living concept called The Pad in Banilad, Cebu. Even the topping off ceremony of our multi-awarded 38 Park Avenue project was held live in the heart of Cebu IT Park, and the unveiling of our Grade A 5-star green building Latitude Corporate Center. With such a productive 2021, we salute all our passionate real estate professionals in the CLI family for going above and beyond.

COMMUNITY-CENTRIC LEADERSHIP

In 2021, CLI broke ground on Cebu City's very first in-city walk-up condo for informal settlers. As a company, this was a dream come true for us to ensure our brand of development reached the less fortunate. While our developments produce tens of thousands of employment opportunities, CLI wants to be part of the country's shelter and housing program reaching more Filipinos. The Cebu City walk-up condo in Lorega Cebu is due for turnover to its beneficiaries in the 2nd quarter of 2022. The Company has also pledged a similar model for the cities of Mandaue and Talisay.

Towards the end of the year, several parts of the Visayas including Cebu were directly hit by one of the strongest typhoons in recent memory. First and foremost on our minds was the safety of our employees, homeowners, industry partners, and communities. While Cebu City was hit with city-wide blackouts and dwindling supplies of gas and water, there was an immediate mobilization by your company to provide support and assistance. In just a few days, CLI announced a commitment to repair damaged roofs of homeowners affected by the Category 5 typhoon, whether or not these were within or beyond warranty. A total of more than PhP 30 million was immediately deployed and within a few days after the typhoon, repair work was already underway. This voluntary act of generosity and support was in line with values we hold dear, and these values will continue to drive our community-centric approach to development.

LOOKING FORWARD TO 2022

As we approach our 5th year anniversary as a publicly listed company in June 2022, there is so much to be grateful for. We look at our leadership role as truly an opportunity to set the bar higher in terms of customer satisfaction, operational excellence, and community impact. This incoming year will welcome 21 new projects from CLI worth over PhP 31.5 billion. With gratitude in our hearts, we continue to be excited to bring our region and country to greater heights through real estate development using real action, real passion, and real sincerity on the ground.

Thank you dear CLI shareholders!

Yours sincerely,

JOSE FRANCO B. SOBERANO
Executive Vice-President & Chief Operating Officer

MESSAGE FROM THE CFO

My fellow CLI shareholders,

2021 was a year of resilience and adaptation for CLI. The new reality we are all experiencing presents many challenges but also ample opportunities for CLI to distinguish itself and accelerate programs that we have been working on already.

We remain resolute and steadfast in our commitment to our stakeholders. This was the driving energy behind our decision to take a leadership role in our communities and local economies in navigating our new normal environment. We may have temporarily reduced our speed in 2020 but we quickly adapted and learned. Now, we are off and running and our 2021 results have exceeded pre-pandemic levels.

In 2021:

- We sold over PhP 16 billion in housing units, continuing our annual streak of record-breaking sales.
- Our consolidated revenues increased to PhP 11 billion, with net income to CLI shareholders increasing to PhP 2.61 billion. Both exceed pre-pandemic levels.
- CLI's unrealized revenues, IE the value of sales contracts we have yet to recognize as revenues, continue to grow and now stand at PhP 25 billion. This provides clear and reliable visibility on our future financial results.
- We launched 10 projects across Visayas and Mindanao despite the regulatory and legal uncertainties that everyone had to navigate.

The year ended with a natural disaster that badly hit Cebu and several areas in Visayas and Mindanao. The destruction Typhoon Odette caused was widespread, indiscriminate and unsparing. But amidst this, we had a business to run and people to look out for. Our employees sheltered in our offices, worked by candlelight and resorted to pen and paper while power was out. Many acts of Bayanihan were performed for and among each other, showing truly our core belief and value that we are not just builders of structures, but of communities. As a company, CLI has gone beyond and took an active part in the rebuilding spirit. We provided relief goods to devastated villages and also offered to fix the roofs of affected CLI projects free of charge, whether turned over or not, whether within warranty or not. #BangonCebu #BangonVisMin

This year, our annual report integrates a full sustainability report that captures all the initiatives and impacts your Company has always been doing. This time, everything is documented and measured in globally recognized metrics and standards. It highlights and quantifies the impacts we have had and how sustainability is weaved into our strategies, both economically and socially.

In 2022, we are resuming our full stride. We will continue what has made us successful – only now bigger and in more places. We intend to spend over PhP 13 billion in Capex, launch 21 projects across VisMin, and grow our topline and bottomline by 20%.

We are only getting better. We are constantly improving our processes, governance, and systems so that we can continue to scale our performance and rise to the challenge of fulfilling all those unserved housing demands, especially in the VisMin region. On average, our completed projects are 97% sold and our product launches are always well-anticipated in the markets where we are expanding.

Our ongoing hospitality assets are coming along quite well and are poised to capture the demand for travel and leisure whose return is inevitable and imminent.

We're ready for bigger things as we also launch the maiden project in our first township – the East Village in Davao Global Township. We'll also be starting construction on our 100-hectare reclamation project in Minglanilla, Cebu.

We are preparing the required capital for these plans with a deliberate and prudent approach to raising funds in order to accomplish our objectives in a sustainable way. We are working on capital raising plans for both equity and debt that are complementary to our growth strategies, that will enhance and offer an attractive proposition to existing shareholders, and will improve our credit fundamentals and leverage ratios. We are excited to share them with you when details are finalized and when these come to fruition.

We will strive to continually sustain the trust and respect of all our stakeholders as we grow and be a part of new and existing communities. All of these contribute to the essential pillar of nation-building by providing quality housing developments for the Filipino and going beyond to better serve the Filipino families.

Thank you for being with us.

BEAUREGARD GRANT L. CHENG, CFA
Chief Finance Officer

OUR STORY AND STRATEGY

2021 MILESTONES

WE EXPANDED OUR REACH

CLI expands its footprint in the Visayas and Mindanao region to cater to the need for well-built and value for money housing and well-planned communities – creating a complete and extraordinary experience.

We launched new developments in response to the housing backlog and heightened desire for safe and secure homes equipped for the needs of the new normal. There is an estimated annual demand for 800,000 housing units in VisMin, although the industry only produces 200,000 units. Additionally, Lee Chiu Property Consultants noted that the housing backlog is predicted to reach 6.8 million housing units by 2022. CLI's own CEO Jose Soberano III noted that this housing backlog in the region became even more apparent in 2020 as COVID-19 infections surged.

We make high-quality housing accessible to everyday Filipinos. Casa Mira helps address this growing demand as CLI's flagship economic brand that provides more value for buyers, aligned with our promise of giving More for the Filipino Family. Casa Mira communities offer townhouses and residential condominium units packaged with amenities that are typically packaged with higher-priced developments.

There are ten Casa Mira projects in Cebu, Bacolod, Cagayan de Oro, Iloilo, and Sibulan in Negros Oriental. In 2021, new Casa Mira homes were launched in Dumaguete, Ormoc, Puerto Princesa, and Davao City. We aim to continue rolling out more Casa Mira developments in more VisMin cities to fill the gap in housing demand and service Filipino families.

We have been eyeing other areas such as Bohol, Bacolod, Dumaguete, Iloilo, General Santos, Butuan, and other key cities in VisMin while further strengthening market share in Cebu and Cagayan de Oro where a strong presence has already been established.

CLI's projects are sought-after – most projects, especially in the economic and mid-market segment quickly sold out after launching. This affirms that we meet the needs and preferences of its markets. At the height of the pandemic in 2020, VisMin residents purchased Casa Mira housing units priced from PhP 1.6 million in record numbers. This resulted in sustained reservations sales during the challenging year at PhP 14.23 billion, accounting for 69% of reservation sales at the time. Velmiro Heights CDO was also launched successfully this year in Cagayan de Oro as the second horizontal project in the City. In one month since its market introduction, 75% of the 518 house-and-lot units sold out. It is a mid-market brand that offers a wide range of house models, located in a highly accessible community with generous open spaces and unmatched views.

In an increasingly demanding market, Cebu Landmasters aims to continue extending its developments to more areas in the VisMin region to serve more customers.

WE TAPPED INTO NEW MARKETS

CLI continues to keep up with shifting market demands by diversifying its product lines. We have expanded our hospitality portfolio through beach and mountain resorts and 5-star luxury hotels, and have begun developing co-living spaces and townships.

Cebu Landmasters is expanding its township developments in key areas in VisMin, featuring residential, retail, and commercial areas. We have a portfolio of three township developments underway: the Davao Global Township (DGT), Manresa Town, and the Minglanilla Techno Business Park (Ming-Mori).

Davao Global Township is CLI's pilot township that is envisioned to transform the Davao Golf Club into an iconic world-class business district. Phase one of the township includes a lifestyle mall DGT City Center, the DGT Cultural Center, and the 6-tower residential condominium The East Village at DGT set for pre-selling in 2022.

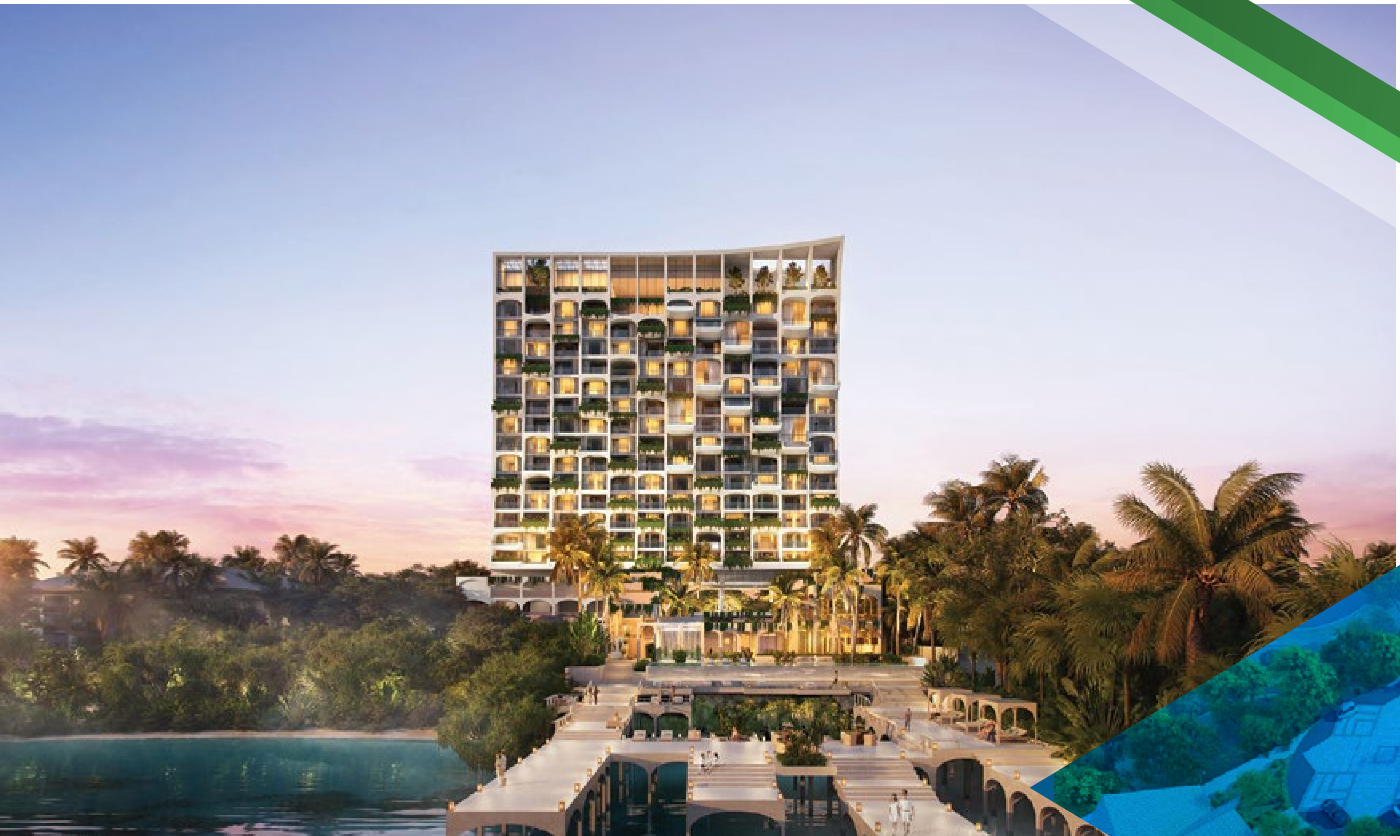
Manresa Town is a 14.3-hectare university town designed to complement the adjacent Xavier University Masterson Campus – a development that will support Xavier University's goal of creating a more socially relevant and inclusive learning institution.

CLI also increased its ownership in Ming-Mori Development Corporation (MMDC) from 20% to 80% this year, showing our full commitment to the 100-hectare reclamation and Ming-Mori project. The PhP 200 billion techno hub development is being established as Cebu's regional growth center.

CLI ventured into co-living spaces and launched its first location, The Pad in Banilad, Cebu City with over 300 dormitory rooms. The mixed-use development has a retail space and a self-storage facility. It is at a highly sought-after location – attractive to students of the top educational institutions in the area and those employed in the nearby Cebu IT Park and Cebu Business Park (CBP).

In 2021, CLI debuted Costa Mira Beachtown Mactan, the very first beachfront condominium in a projected series. With 659 units valued at P3 billion, the condominium and resort living are proven enticing for new clients after 92% of it was already sold a month after it opened to the public. The project accounted for 17% of overall sales in its first years.

Cebu Landmasters also undertakes resort development in preparation for the tourism sector's recovery. The projects are intended for travelers who seek unique experiences, especially as the COVID-19 pandemic conditions improve. We have introduced and will continue launching various resort and luxury hotel developments in the coming years such as Abaca Resort Mactan, MagSpeak Mountain Resort, and Masters Tower Cebu which will also house Sofitel Cebu City.



Abaca Resort Mactan is set to open in 2025, which is CLI's first resort development. We purchased the property in 2019 and have signed up the Abaca Group to continue operating the hotel and providing luxury experiences tailored for local and global tourists. CLI tapped an award-winning and internationally renowned architectural firm Büro Ole Scheeren for the project. Their most notable works include the MahaNakhon skyscraper in Bangkok and the DUO development and The Interlace in Singapore, the former two of which are the recipients of the CTBUH Urban Habitat Award 2020 and the World Building of the Year 2015, respectively. The 125-room expanded luxury boutique hotel aims to entice the emerging demographic of global travelers seeking world-class, authentic, and unique holiday experiences. CLI hopes to contribute to Cebu's development as a thriving tourist destination through this project.

MagSpeak Mountain Resort is a 113,000 sqm secluded mountain resort located in Balamban, Cebu that will cater to families and religious devotees who want to experience a relaxing mountain escape, while enjoying the serene mountainscape of Mt. Manunggal Peak.

Masters Tower Cebu will be completed in 2025, offering prime office and retail spaces and integrating Sofitel Cebu in the Queen City of the South. The 2,840 sqm property was designed by Skidmore, Owings, and Merrill (SOM), an acclaimed architectural, urban planning, and

engineering firm that has designed some of the most advanced buildings and public spaces considering sustainability and technical design. We also partnered with GF Partners and Architects in designing the property, which is one of the country's top architectural firms. Masters Tower Cebu is valued at over PhP 4.0 billion and will rise at the remaining prime corner lot in CBP, which is Cebu City's prestigious central business district. Through its partnership with Accor, CLI will debut the 195-room Sofitel Cebu luxury hotel which is among the pipeline of 17 committed projects across the country. Cebu Landmasters is determined to achieve a LEED Gold certification for the property as it integrates sustainable design.

We will keep expanding its portfolio beyond residential properties and plans to be a key player in other industries such as tourism.

WE BUILT LARGER COMMUNITIES

CLI creates an extraordinary experience for stakeholders in every step of the real estate journey, developing properties within communities with master plans that address the needs and desires of customers. We continue to expand and will introduce the Davao Global Township (DGT), Manresa Town, and the Minglanilla Techno Business Park (Ming-Mori) in the areas of Davao City, Cagayan de Oro City, and Cebu City, respectively.

The first phase of the 22-hectare Davao Global Township includes its first residential development The East Village at DGT, a civic center DGT Cultural Center, and a commercial area and lifestyle center DGT City Center. The East Village is inspired by the rich culture and life in Davao City, designed with modern connectivity, sustainability, and accessibility in mind. The DGT Cultural Center hosts a collection of exceptional facilities, showrooms, museum spaces, performance theaters, office spaces, and function rooms to nurture the local talents and art scene. At the heart of the township, the DGT City Center features modern retail and dining options for locals and tourists.

Ming-Mori is Cebu Landmasters' third large-scale township project, envisioned to transform the area into a dynamic economic zone. At 100 hectares, Ming-Mori is master-planned to accommodate workers and families alike, with areas for schools, churches, and commercial areas nearby light industrial zones. This development is aligned with Metro Cebu's roadmap to achieve the 2050 vision of enhancing the region's competitiveness, providing convenient transportation networks, and creating a pleasing and productive environment. When more areas are available, we plan to create a vibrant waterfront community with businesses, lifestyle establishments, and industries that foster sustainable value creation.

Manresa Town is an ongoing township development in CDO City, a mixed-use university town providing students with convenient and safe residential options, accessible establishments, healthy open spaces, and an overall conducive learning environment.

CLI is set to develop the Xavier University (XU) Masterson Campus dubbed the "Campus of the Future" within Manresa Town. The new Campus aims to catalyze development in Northern Mindanao with a Sustainable and New Normal-ready Masterplan. With our vision, XU Masterson Campus will blend seamlessly with the adjacent Manresa Town – creating strong synergies that will benefit the University and the surrounding uptown community.

Cebu Landmasters has more in store for the VisMin real estate market, as we aim to introduce more townships in key locations, expand to new areas in the region, and tap into diverse markets.

WE ACCELERATED OUR PERFORMANCE

Cebu Landmasters surpassed past performance records despite the ongoing pandemic. We hit record reservation sales for residential properties at PhP 16.5 billion in 2021 – a 16% increase compared to PhP 14.5 billion in 2020. CLI has rapidly expanded since its listing in June 2017 and has now more than doubled its PhP 7.7 billion sales take-up during that year.

We are at the forefront of meeting the sustained housing demand in VisMin. We launched 10 projects worth PhP 18 billion this year and provided 3,865 new residential units. This is also more than the eight projects last year that were worth PhP 11.5 billion.

By year-end 2021, 97% of CLI's completed projects were sold out and projects under construction were 93% taken up. Even as new projects were launched, 68% of them were also immediately sold. In total, 89% of CLI's portfolio sold out across different project development stages.

Our VisMin roots greatly contributed to CLI's accelerated growth and market leadership in the region. Most sales taken up are projects in Cebu accounting for 48% of sales, followed by Iloilo (17%) and Cagayan de Oro (13%) with the rest coming from the expanding portfolio in areas such as Davao Ormoc, Bacolod, and Bohol.

Cebu Landmasters will release fresh inventory in 2022 to optimize its current landbank of 100 hectares valued at PhP 12 billion, and meet the supply needs of the housing market in VisMin. With our expanding capital, we aim to further accelerate our performance and maintain our status as an industry leader in the region.

WE FUELED OUR RECURRING REVENUE

CLI envisions further growth in the region, part of which is investing in capital to fuel recurring revenue from both hospitality, business, and leasing. We plan to build up our office, retail, and hospitality portfolio's GLA to 200,000 sqm – eventually contributing to 10% of our growing top line in three to five years.

As the economy has been reopening, CLI anticipates industries such as the IT-BPO sectors to gradually return to office spaces. We are well-positioned to address this demand as we continue to launch properties such as the recently opened 5-Star BERDE-certified green building Latitude Corporate Center. The PhP 1.2 billion office development increased CLI's office GLA from 14,000 sqm to 29,000 sqm year-on-year. Aside from this, CLI has over 47,000 sqm of additional office and retail GLA currently under construction.

Cebu Landmasters is ready to cater to the need for safe and sustainable properties. The Latitude Corporate Center's five-star Building for Ecologically Responsive Design Excellence (BERDE) accreditation attests to its sustainable design.

Followed by the Abaca Resort Mactan's opening in 2024, CLI targets to increase its hotel portfolio to 1,433 by the following year. We will cater to a diverse range of local and global travelers as we partner with more hotel operators like The Abaca Group.

WE ARE POISED FOR ECONOMIC RECOVERY

CLI cements its leadership in the VisMin property development industry and is positioned for accelerating demands as the economy recovers. We have been breaking records, expanding our portfolio, and venturing into new markets.

Cebu Landmasters doubles down on its residential development expertise to further cater to the growing pandemic-induced desire for home-ownership. We expanded Casa Mira to different areas, introduced Velmiro Heights, and developed other residential projects across VisMin.

As local companies and industries continue to grapple with the challenges that come with the extended pandemic, Cebu Landmasters seized this opportunity by breaking ground on new projects, continuing our construction operations, expanding our landbank, and penetrating the tourism market. We broke ground on new projects such as the Patria de Cebu and Abaca Resort Mactan, Mandtra Residences in Mandaue City, Masters Tower Cebu, and Minglanilla Techno Business Park – all catering to diverse industries. These contribute to our landbank, allowing us to sustain our growth and venture into new markets.

We were able to top off developments such as the Latitude Corporate Center and 38 Park Avenue by continuing construction with added health protocols. These developments are in line with our strategy to build up our GLA to 200,000 sqm, allowing our office, retail, and hospitality portfolio to contribute 10% of CLI's growing topline.

In a joint venture with El Camino Developers Inc., we topped off the 38 Park Avenue development – a PhP 3.5 billion high-end tower nestled right at the heart of the Cebu IT Park. This is the first of the three-phased mixed-use development within a 1.2-hectare property in the highest valued location in Metro Cebu which will offer upscale residential units and a lifestyle center within The Plaza, a wide park with retail area, and other amenities that are in the planning stage.

More than ever, travelers are seeking high-quality destinations that provide authentic experiences. CLI signed a lease agreement with the Archdiocese of Cebu to redevelop the Patria de Cebu into a mixed-use complex with 21,000 sqm GLA and incorporate a 182-room international hotel. The redevelopment will have 4,320 sqm of food, dining and entertainment spaces, and 4,400 sqm of offices within Cebu's historic center – keeping the area's rich heritage intact while offering novel experiences.

We are poised for the growing interest in tourism, establishing a hotel portfolio that accommodates various demographics of travelers. For instance, CLI targets business travelers with the now fully operational Citadines Cebu City and other properties underway such as Citadines Bacolod City and Citadines Paragon Davao. Hotels like the Radisson RED Cebu Mandaue and Lyf Cebu City cater to the younger market of digital nomads. For those seeking budget-friendly accommodations, we developed the Mercure Cebu Downtown. In contrast, CLI also offers a unique and deluxe experience through the Abaca Resort Mactan and Sofitel Cebu City luxury hotels.

Cebu Landmasters has proven itself to be resilient – even thriving amid crises. As the country is getting back on its feet, we will continue contributing to economic growth in the region.

WE SUSTAINED OUR MARKET LEADERSHIP

CLI has remained the top residential developer in the Visayas and Mindanao region for three consecutive years. We hit record-high sales for our quality and safe residential units to customers, which has become especially important amid the ongoing pandemic. We consistently meet market demands and continue to expand our portfolio, venturing into other industries as the economy continues to recover.

CLI continued expanding our housing portfolios such as the Mandtra Residences and Terranza Residences for condominium developments, and the Casa Mira South expansion and Velmiro Heights CDO for subdivisions developments. In launching these new projects, CLI's market share grew by 18% with 9,168 units of condominiums and by 19% with 10,190 residential units in subdivisions.

Since 2020, we have maintained our market leadership in the residential segment.The Santos Knight Frank (SKF) Real Estate Market Study in Q3 2020 shows that Cebu Landmasters remains the leading residential developer in VisMin, supplying the most number of residential units in the region. According to the study, CLI is ahead of other developers in the country, accounting for 18,683 units or 12% of the 86,126 residential units available in VisMin. The closest rivals then were Sta. Lucia Realty and Development and Camella Homes, contributing 11,897 units and 11,768 units, respectively. This also revealed CLI's projects were the most saleable as they exhibited an absorption rate of 83% and sales take up of 210 units a month.

The Company has the most number of unit launches for both the subdivision and condominium market. Our properties make up 26% of the total subdivision market share, followed by Johndorf Ventures at 12%. For vertical projects, CLI dominates the market by providing 33% of condominium units while SMDC comes second with 7% of market share.

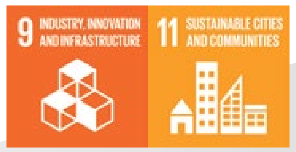
CLI's sustained excellence is backed by the multiple awards bestowed in 2021 in the Asia Property Awards, among those being the Best Developer Awards for Visayas and for Mindanao.

We will continue to go above and beyond the needs of the market, providing extraordinary properties and experiences.

OUR BUSINESS

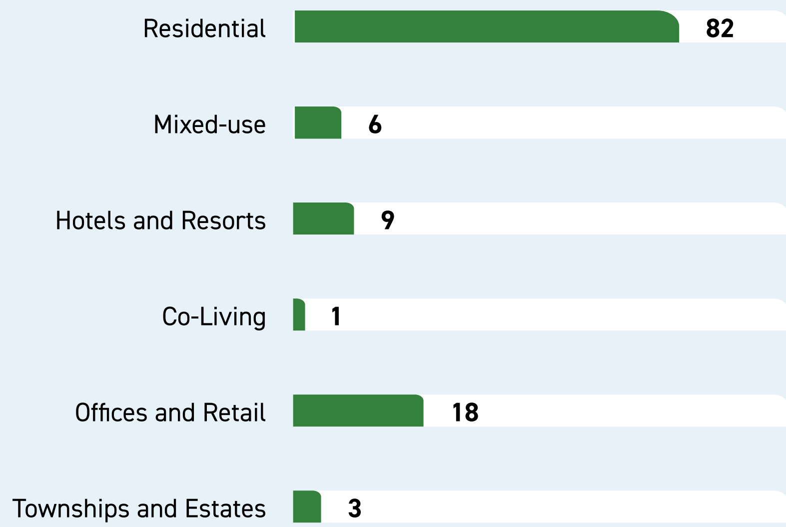
WE DEVELOP WELL-PLANNED, SUSTAINABLE, INCLUSIVE AND RESILIENT SPACES

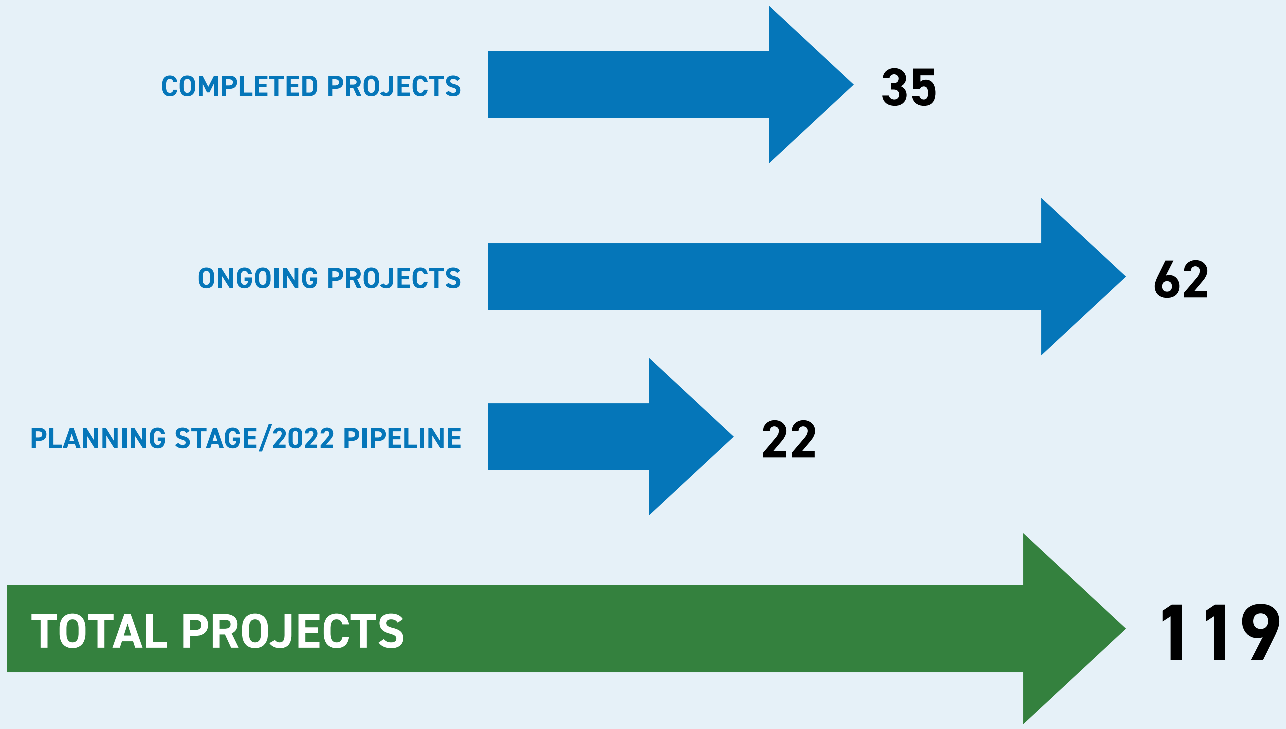
PILLAR 1: PRODUCT



PROJECT SUMMARY

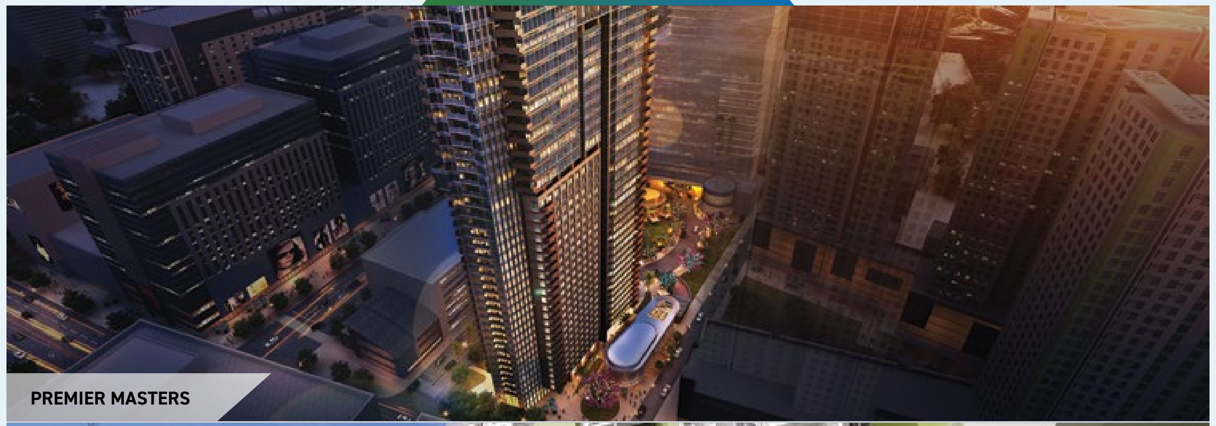
As a customer-centric and community-focused real estate company, Cebu Landmasters develops projects that cater to the needs and demands of our stakeholders in Visayas and Mindanao. The diversity our real estate portfolio offers allows us to provide varying services across numerous markets, whether residential, mixed-use developments, hotels and resorts, offices and retail, and townships and estates.





PROJECT CATEGORIES

RESIDENCES


PREMIER MASTERS


GARDEN SERIES


CASA MIRA


BEACHTOWN RESIDENCES

MIXED-USE

OFFICES AND RETAIL

HOTELS AND RESORTS

CO-LIVING

TOWNSHIPS AND ESTATES

RESIDENCES

Subdivisions, Condominiums, and Beach Towns

PREMIER MASTERS

Asia Premier Residences
J.M. Del Mar St., Cebu I.T. Park, Apas, Cebu City
1,038 sqm
Completed

Base Line Premier
Base Line Center, Juana Osmeña Street, Cebu City
1.1 ha
Completed

Base Line Residences
Base Line Center, Juana Osmeña Street, Cebu City
1,500 sqm
Completed

38 Park Avenue
India St. Cor. JM Del Mar St., Cebu It Park, Cebu
1.18 ha
Ongoing

Base Line Prestige

Base Line Center, Juana Osmena Street, Cebu City
1 ha
Ongoing

One Astra Place

Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
Tower 1
Tower 2
1.23 ha
Ongoing

Mandtra Residences

Mandaue City
Tower 1
Tower 2
Tower 3
1.24 ha
Ongoing

One Paragon Place

Matina, Davao City
1.94 ha
Ongoing

Terranza Residences
Arroyo St., Iloilo City
2,539 sqm
Ongoing

Ramos Tower at Calle 104
F. Ramos St. Cogon, Cebu City
5,539 sqm
Planning Stage

The East Village at DGT
Matina, Davao City

Tower 1	Tower 5	2.5 ha
Tower 2	Tower 6	
Tower 3	Planning Stage	
Tower 4		
Ongoing		

Ranudo Tower at Calle 104
Ranudo St., Cebu City
5,539 sqm
Planning Stage

GARDEN SERIES

MesaTierra Garden Residences
E. Jacinto Ext., Davao City
5,094 sqm
Completed

MesaVerte Garden Residences
Osmeña Ext., Cagayan de Oro City
Tower 1
Tower 2
Tower 3
8,740 sqm
Completed

Midori Plains
Tungkop, Minglanilla, Cebu
7 ha
Completed

Midori Residences
A.S. Fortuna St., Banilad, Mandaue City
5,200 sqm
Completed

Mivesa Garden Residences
Lahug, Cebu City

Phase 1	1.8 ha
Phase 2	Completed
Phase 3	

Velmiro Heights
Tunghaan, Minglanilla, Cebu
8.8 ha
Completed

San Jose Maria Village

Balamban	Talisay
3 ha	2 ha
Minglanilla	Toledo
3.1 ha	3 ha
	Completed

MesaVirre Garden Residences
Lacson St., Bacolod City

Building A	1 ha
Building B	Ongoing
Building C	

Mivela Garden Residences

Apas, Cebu City

Tower 1	1.26 ha
Tower 2	Ongoing
Tower 3	
Tower 4	

Velmiro Heights CDO

Brgy. Agusan, Cagayan de Oro
12 ha
Ongoing

Velmiro Greens Bohol

Biking, Dauis, Panglao, Bohol

3.6 ha	1.142 ha
Ongoing	Planning Stage

Velmiro Plains Bacolod

Brgy. Granada, Bacolod City
8.12 ha
Ongoing

Velmiro Uptown CDO
Upper Canitoan, Cagayan de Oro
14.3 ha
Ongoing

Velmiro Heights Consolacion
Tolotolo, Consolacion
10.2 ha
Planning Stage

Velmiro Heights Davao
Magtuod, Davao City
11.6 ha
Planning Stage

CASA MIRA

Casa Mira Coast
Sibulan, Negros Oriental
5.3 ha
Completed

Casa Mira Linao
Linao, Minglanilla, Cebu

7.8 ha	Phase 3
Completed	14, 919 sqm
	Ongoing

Casa Mira South

Bordering Langtad City of Naga and Pitalo San Fernando

Phase 1 A	Phase 3 A	Phase 5
Phase 1 B	Phase 3 B	Planning Stage
Phase 2 A	Phase 4 A	
Phase 2 B	Phase 4 B	39 ha
Completed	Ongoing	

Casa Mira Homes Bacolod

Brgy. Granada, Bacolod City
4.5 ha
Ongoing

Casa Mira Towers Labangon

Salvador Street, Labangon, Cebu City
Tower 1
Tower 2
4,448 sqm
Completed

Casa Mira Homes Dumaguete

Brgy. Junob, Dumaguete City

Phase 1	Phase 2	7 ha
Phase 2	Planning Stage	
Ongoing		

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

Casa Mira Towers LPU Davao
CP Garcia Highway, Brgy. Sasa, Davao City

Tower 1	Expansion
Tower 2	Planning Stage

7, 604 sqm
Ongoing

Casa Mira Iloilo
Brgy. Camalig, Jaro, Ilo-Ilo City
14 ha
Ongoing

Casa Mira Towers Bacolod
Lacson St. Brgy. Bata, Bacolod City

Tower 1	1.1 ha
Tower 2	Ongoing
Tower 3	
Tower 4	

Casa Mira Towers CDO

Brgy. Kauswagan, Cagayan de Oro City
Tower 1
Tower 2
6,315 sqm
Ongoing

Casa Mira Towers Mandaue

Brgy. Ibabao, Mandaue City
Tower 2
Tower 3
Tower 4
Ongoing

Tower 1
Planning Stage

1.14 ha

Casa Mira Towers Guadalupe

Guadalupe, Cebu City
Tower 1
Tower 2
Tower 3

4,794 sqm
Ongoing

Casa Mira Homes Danao

Guinsay, Danao City
8 ha
Planning Stage

Casa Mira Homes Davao

Magtuod, Davao City
13.58 ha
Planning Stage

Casa Mira Towers Palawan

Puerto Princesa, Palawan

- Phase 1
- 2 ha
- Ongoing

BEACHTOWN RESIDENCES

Costa Mira Beachtown Mactan

Subabasbas, Mactan, Cebu

Tower 1	Tower 3
Tower 2	Planning Stage
Ongoing	
1.85 ha	

Costa Mira Beachtown Panglao

Barangay Totolan, Dauis, Panglao, Bohol
1 ha
Planning Stage

SOCIALIZED HOUSING

Villa Casita Balamban
Brgy. Buanoy, Balamban, Cebu
8,000 sqm
Completed

Pinamalayan Socialized Housing
Oriental Mindoro
3.86 ha
Completed

Villa Casita North
Brgy. La Paz, Bogo City
4.8 ha — Expansion
Completed — Planning Stage

MIXED-USED PROJECTS

Base Line Center
Juana Osmeña Street, Cebu City
1.02 ha
Completed

38 Park Avenue
India St. Cor. JM Del Mar St., Cebu It Park, Cebu
1.18 ha
Ongoing

Banilad High Street
Banilad, Cebu City
7,500 sqm
Ongoing

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

Masters Tower Cebu
Cebu Business Park, Cebu City
Ongoing

Patria de Cebu
Patria de Cebu, P. Gomez St., Cebu City
6,670 sqm
Ongoing

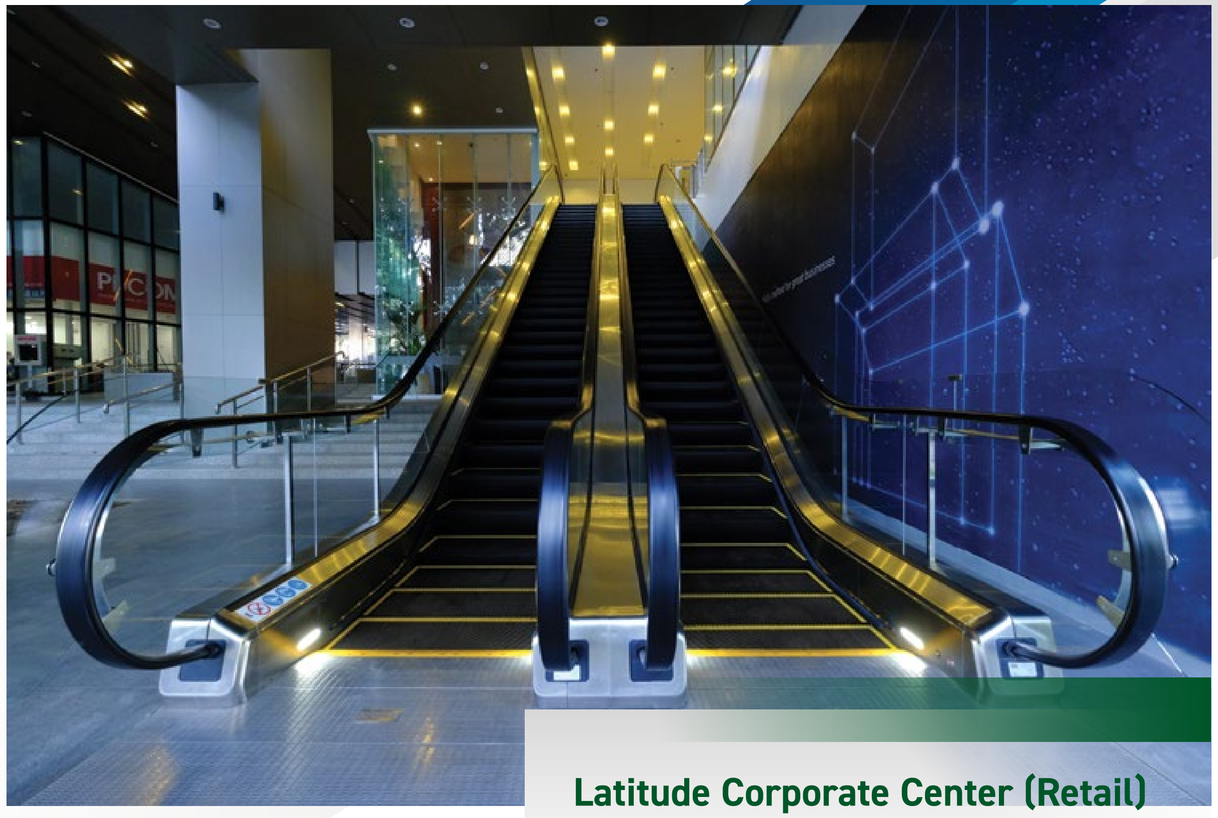
The Paragon Davao
MacArthur Highway. Matina, Davao City
1.9 ha
Ongoing

Calle 104
F. Ramos St. Cogon, Cebu City
32,605 sqm GFA
Planning Stage

OFFICES AND RETAIL

Base Line Center (Retail)
Juana Osmeña Street, Cebu City
10,258 sqm GLA
Completed

Base Line HQ
Base Line Center, Juana Osmena Street, Cebu City
2,117 sqm GFA
Completed



Latitude Corporate Center (Retail)
Mindanao Avenue, Cebu Business Park, Cebu City
Completed

Latitude Corporate Center
Mindanao Avenue, Cebu Business Park, Cebu City
21,000 sqm GFA; 2.35 HA
Completed

Park Centrale Tower
J.M. Del Mar St., Cebu I.T. Park, Apas, Cebu City
11,920 sqm GFA
Completed

Astra Centre Lifestyle Mall
Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
10,925.26 sqm GLA; 14,215.39 sqm GFA
Ongoing

DGT City Center
Matina, Davao City
17,430 sqm GFA; 10,372 sqm GLA
Ongoing

Astra Corporate Center
Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
18,823 sqm GFA
Ongoing

DGT Cultural Center
Matina, Davao City
2,988 sqm GFA; 703 sqm GLA
Ongoing

Masters Tower Cebu Office Component
Cebu Business Park, Cebu City
2,804 sqm
Ongoing

Masters Tower Retail
Cebu Business Park
2,804 sqm
Ongoing

Patria de Cebu (Retail)
Patria de Cebu, P. Gomez St., Cebu City
4,320 sqm GFA
Ongoing

Patria de Cebu Office
Patria de Cebu, P. Gomez St., Cebu City
5,336 sqm
Ongoing

Shoppes at Banilad High Street
The Pad, Banilad, Cebu City
Ongoing

The Paragon Davao Lifestyle Mall
The Paragon Davao, MacArthur Highway, Matina, Davao City
4,564 sqm GLA
Ongoing

The Paragon Davao Convention Center
MacArthur Highway, Matina, Davao City
4,842 sqm GFA
Ongoing

The Plaza @ 38 Park Avenue
India St. Cor. JM Del Mar St., Cebu It Park, Cebu
1,898.58 sqm GLA
Ongoing

HOTELS AND RESORTS

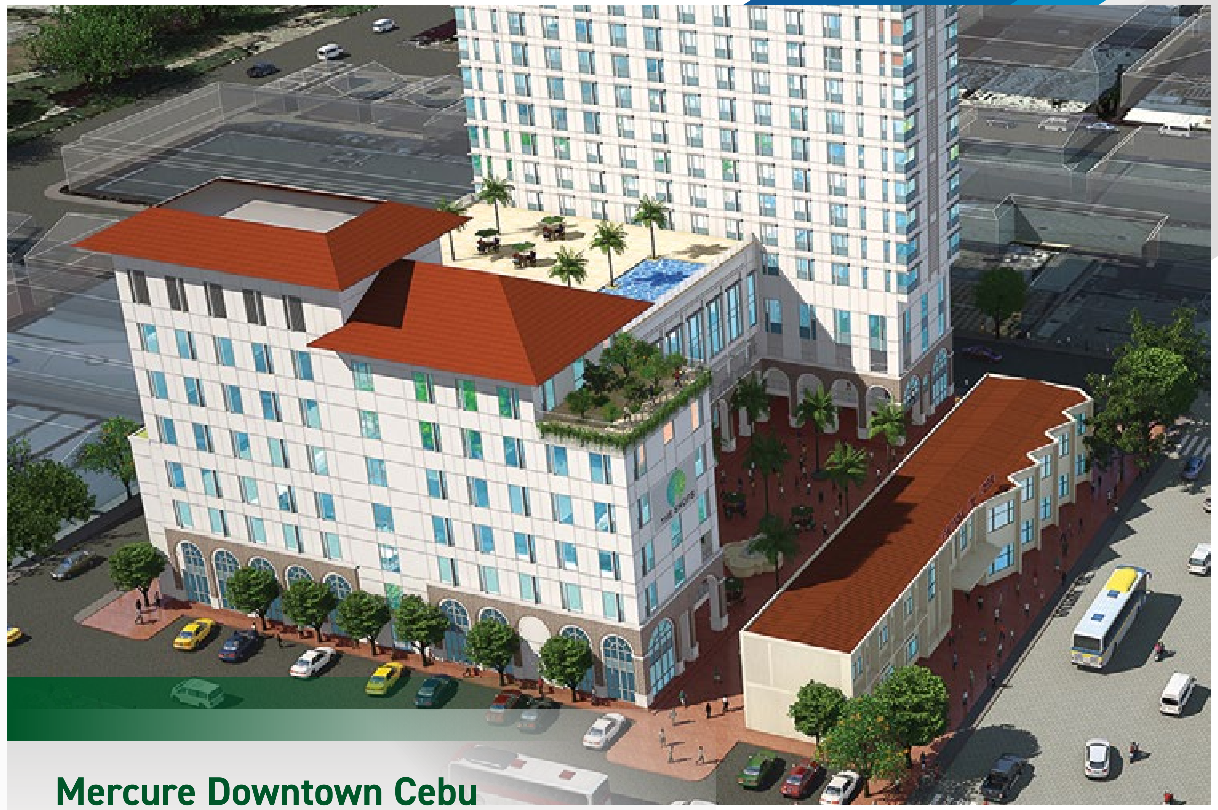
Citadines Cebu City
Base Line Center, Juana Osmeña Street, Cebu City
180 rooms
Completed

Citadines Bacolod City
Brgy. Bata, Bacolod City
200 rooms
Ongoing

Abaca Resort Mactan
Punta Engano, Lapu-Lapu City, Mactan
125 rooms
Ongoing

Citadines Paragon Davao
Gen. MacArthur Highway, Brgy. Bucana, Davao City
263 rooms
Ongoing

lyf Cebu City
Base Line Center, Juana Osmeña Street, Cebu City
163 rooms
Ongoing



Mercure Downtown Cebu
Patria de Cebu, P. Burgos St., Cebu City
167 rooms
Ongoing

MagsPeak Mountain Resort
Balamban, Cebu
20 rooms and 17 villas
113,000 sqm
Ongoing

Radisson RED Cebu Mandaue
Astra Centre, A.S. Fortuna St., Banilad, Mandaue City
146 rooms
Ongoing

Sofitel Cebu City
Masters Tower Cebu, Cebu Business Park
195 rooms
Ongoing

CO-LIVING

The Pad
Banilad, Cebu City
258 rooms
7,500 sqm
Ongoing

TOWNSHIPS AND ESTATES

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

Manresa Town
Uptown Area, Cagayan de Oro
14.3 ha
Ongoing

Minglanilla Techno Business Park (Ming-Mori)

Minglanilla, Cebu
100 ha
Ongoing

Davao Global Township Lots

Matina, Davao City
27 lots
4.73 ha
Ongoing

BEYOND GENERATIONS

CORPORATE SUSTAINABILITY

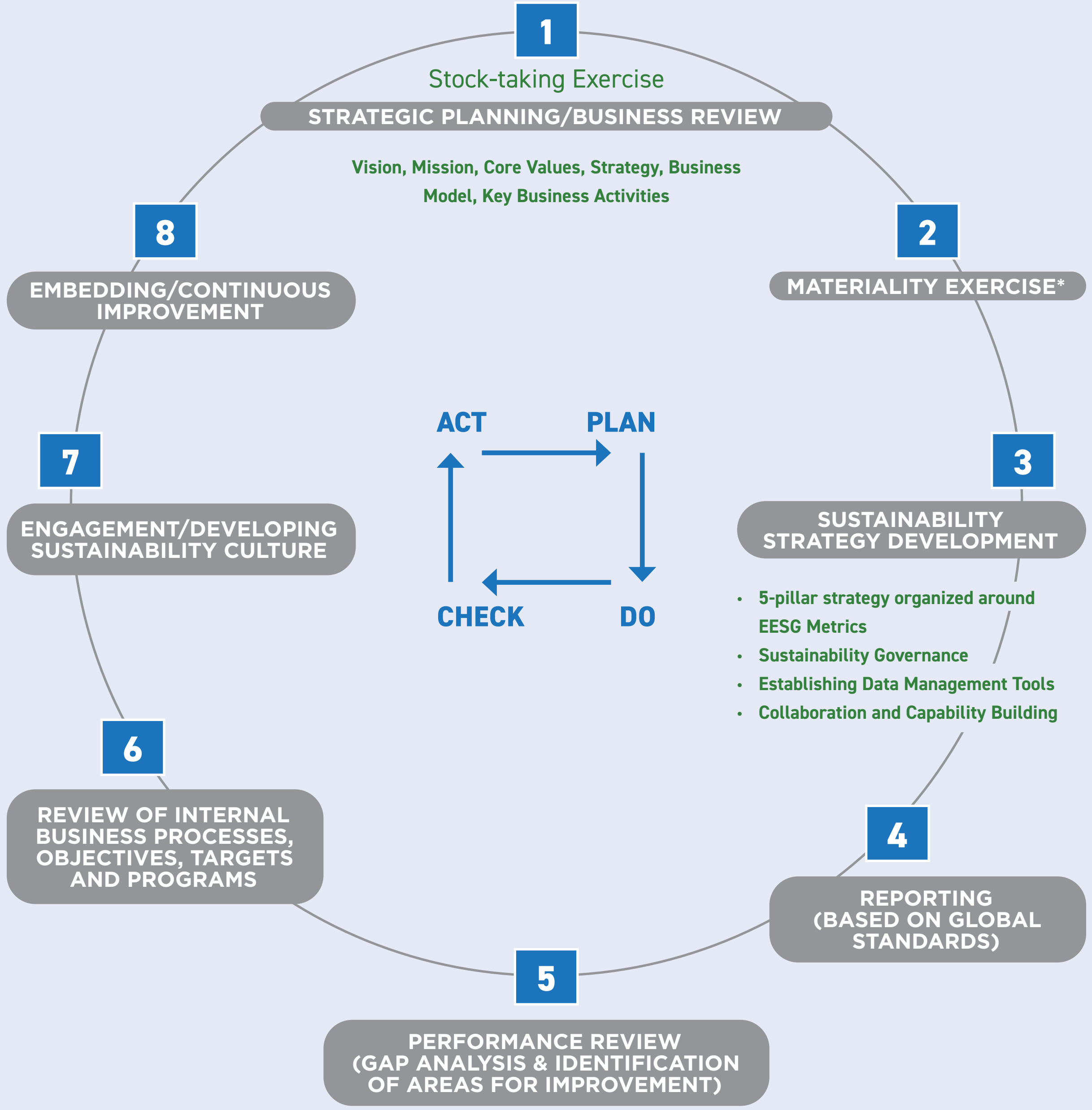
STATEMENT OF COMMITMENT TO SUSTAINABILITY

Cebu Landmasters, Inc. fully recognizes the economic, social and environmental impacts of real estate development and the importance of sustainability in delivering its vision to become the most customer-centric and community-focused organization in the Visayas and Mindanao.

We are committed to creating long-term value for our business and stakeholders by driving innovation and improving the quality of life of our people, customers and communities while we strive to manage our environmental impacts responsibly, ethically and with transparency.

OUR APPROACH and JOURNEY TO SUSTAINABILITY

CLI sees sustainability as something beyond a goal, rather, it is a continuous journey. At the core of our approach is the Plan-Do-Check-Act (PDCA) cycle model, which is a tool that allows us to plan for change, test the plan, review the outcome, and apply what was learned.



*A detailed discussion on Cebu Landmasters' Materiality Process can be found on page 86

MATERIALITY PROCESS

GRI 102-40

The materiality process guides us in our attempt to become a more sustainable company. This involves an internal alignment of our values and strategies, determining and assessing our capitals, identifying the material topics or top concerns, and verifying this with our key stakeholders. Through this process, we are able to crystallize our commitment to sustainability and forge a clear path to achieve this.

MATERIALITY PROCESS

Steps leading to the development of CLI's Sustainability Strategy

STEP 1

Strategic Alignment

STEP 2

Identification of Material Impacts, Risks, and Opportunities

STEP 3

Identification of Material Impacts, Risks, and Opportunities

STEP 4

Prioritization of Material Topics

STEP 5

Stakeholder Mapping and Engagement

Sustainability Strategy Development

Integrated 5-Pillar Strategy and EESG Metrics

Our value chain encompassing strategic landbanking to property management means that our operations involve various stakeholders. The key stakeholder groups. To determine the interests of these stakeholder groups and verify our material topics, we conducted stakeholder mapping and engagements via digital innovations. We facilitated online systems for brokers and sellers and organized virtual launches, project turnovers, virtual meetings, online learning, and work sessions.

INTERNAL AND EXTERNAL STAKEHOLDERS IN THE VALUE DELIVERY CHAIN

STRATEGIC LANDBANKING	BUSNESS DEVELOPMENT DESIGN TECHNICAL PLANNING	CONSTRUCTION ENGINEERING	SALES LEASING HOTEL OPERATIONS CUSTOMER RELATIONS ACCOUNTS MANAGEMENT	PROPERTY MANAGEMENT
• Business Dev't Team • Technical Consultants • Land Owners / Project Partners	• Team of Technical Consultants / Urban Planners / Architects • LGU / Regulators / National Government Agencies • Communities	• Project Teams: Engineering • Contractors / Suppliers • Skilled Labor • Regulators • Utility Providers • Communities / Publics	• Marketing, Sales, Leasing & Customer Relations Teams • Brokers / Sellers • Buyers • Hotel Guests • Suppliers • Media	• Property Mgt Team • Property Occupants: homeowners, locators, tenants, merchants • Providers of Outsourced Services / Other Suppliers • Regulators • Utility Providers • Communities

KEY STAKEHOLDER GROUPS

> **Employees**
Direct/Indirect Hires

> **Team of Technical Consultants**
Urban Planners/ Architects and Engineers

> **Contractors/ Suppliers**
Workforce/Labor

> **Utility Providers**

> **Business Partners**
Land/Property Owners

> **Institutional Investors/ providers of capital**

> **Individual Shareholders**

> **Financial Analysts**

> **Banks/ Financial Institutions/ Creditors**

> **Buyers**
End-users of Products
Homeowners Associations

> **Brokers/ Sellers**

> **Hotel Guests**

> **Homeowners Association**

> **Condo Corporations**

> **Office/Retail Space Tenants**

> **Regulators/ Government Agencies**

> **Partner Communities**
Informal Settler Families, Fisherfolks, Farmers' Coop, Vulnerable Sector, Women's Organizations

> **Media Partners**

The extensive quantitative and qualitative assessments revealed our economic, environment, social and governance material topics. The matrix shows which topics our stakeholders find most crucial.

MATERIAL TOPICS FOR DISCLOSURE

THEME		MATERIAL TOPIC	WHY IT MATTERS	WHO ARE AFFECTED
Economic	Economic Value Generation and Distribution Significant Indirect Economic Impacts	• Economic Value Generated, Distributed & Retained • Significant Indirect Economic Impacts Products for Low-Income Segment • Workforce Supported in the Supply Chain • Local Sourcing • Procurement Practices • Anti Corruption • Climate-related Financial Impacts	• CLI ensures long-term shareholder value; helps grow local markets and contributes to the local economy in the area where it serves • The company relies on contractors with both local and national experience to build real estate products • CLI conducts its business in an ethical manner • CLI ensures that its products are resilient against climate change impacts and hazards	• Shareholders • Suppliers/Local • Communities • Workforce • Business Operations • Customers

Environment	Resource Management
	
	Environmental Impact Management
		• **Baseline Measurements**
		  • Land, Water, Energy, Materials
		• **Impacts/Mitigation**
		  • GHG Emissions
		  • Solid Waste
		  • Effluents
		  • Hazardous Waste
		• **Adaptation**
		  • Green Buildings
		  • Innovations
		  • Ecosystems Protection
			• These are natural capitals needed to develop CLI's products; CLI commits to manage resource use in our commercial properties and construction sites.
			• CLI's business operations have impacts to the environment from design development, construction to operations
				• Business Operations
				• Customers/End users of products
				• Environments

Social	Human Capital/ Employee Management Customer Management Community Engagement	• Employee Health and Well-being • Compliance to Labor Standards • Training and Development • Diversity and Equal Opportunity • Marketing and Labeling • Customer Privacy • Customer Health and Safety • Local Communities: Partnerships and Development Programs	• CLI invests in its human capital and prioritizes its employees' health and wellbeing and promotes equality in the workplace • CLI strives to be customer-centric; improves its systems to enhance customer experience • CLI values its relationship with its partners; provides needed resources to improve living conditions of families in its partner/host communities	• Employees • Customers • Host/partner communities
Governance	Board Composition and Responsibilities	• Governance Policies: Board Composition and Responsibilities • Risk Management • IT/Digitalization	• CLI conducts its business in a responsibly, professionally, ethically and with transparency and accountability	• Employees • Customers • Business Partners

FIVE-PILLAR SUSTAINABILITY STRATEGY

Real estate development is bound to affect the economic, social, and environmental landscape. Recognizing our possible impact, we are committed to generating positive and long-term value for CLI and our stakeholders. We aim to achieve this goal through the Five-Pillar Strategy. This strategy is shaped by our economic, environmental, social, and governance (EESG) metrics that aim to mitigate the issues and risks in the four facets.

Cebu Landmasters is creating a lasting impact by identifying five pillars, which guide us in our sustainability journey. These Five Pillars include Product, Profit and Progress, Planet, People, and Process and Practice.

PRODUCT

DEVELOPING SUSTAINABLE AND RESILIENT SPACES

- Product Quality and affordability
- Product Eco-efficency
- Risk-based Project Management
- Providing products for the low-income segment
- Product Resilience and Saftey
- Diversified Product Portfolio

PROFIT / PROGRESS

GROWING THE BUSINESS AND SUPPORTING LOCAL MARKETS

- Economic Value Creation and Distribution
- Indirect Economic Impacts
- Financial Impacts due to climate-related risks
- Procurement Practices
- Local Sourcing

PLANET

CONSERVING RESOURCES AND MANAGING ENVIRONMENTAL IMPACTS

- Energy, Water Materials
- Emissions Management
- Climate Risk Mitigation and Adaptation
- Waste Management
- Biodiversity Management Ecosystems Protection

PEOPLE

ENGAGING AND INVESTING IN OUR PEOPLE, CUSTOMERS AND COMMUNITIES

- Training and Organizational Development
- Employee and Customer Health and Safety
- Customer Feedback and Satisfaction
- Community Development Programs
- Employee Welfare
- Diversity and Equal Opportunity
- Stakeholder Engagement

PROCESS/ PRACTICE

ACHIEVING ORGANIZATIONAL EFFICIENCY AND GOOD CORPORATE GOVERNANCE

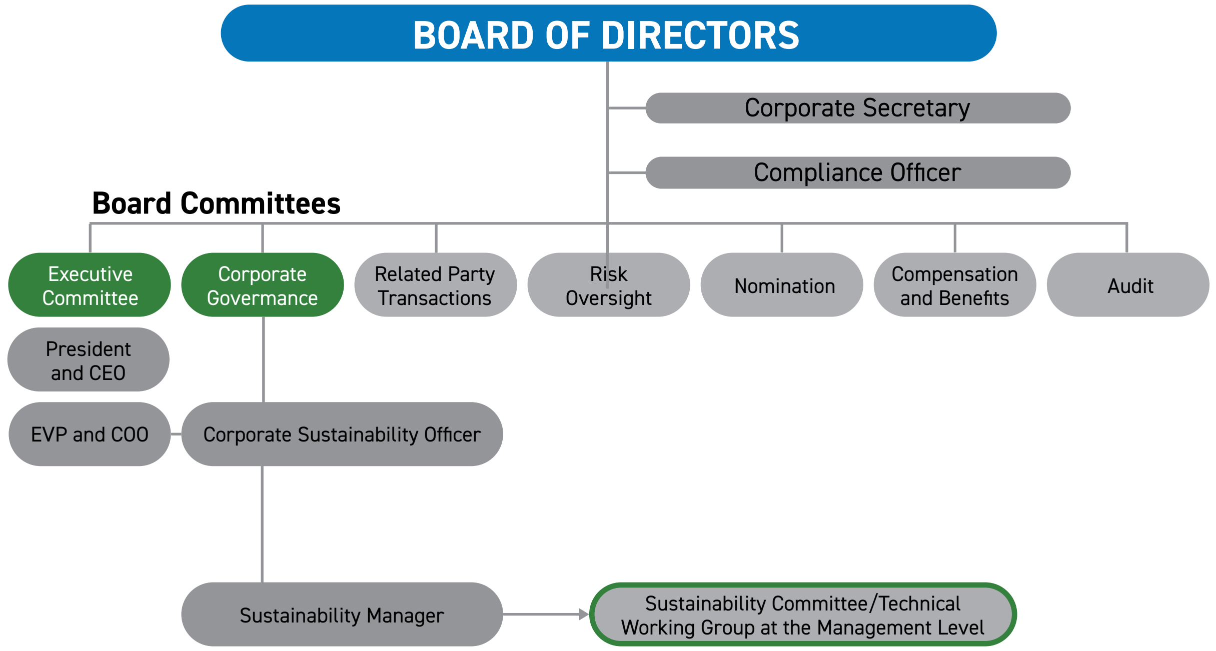
- Legal and Compliance
- Data Security/ Privacy
- Digital Innovation
- Effective Risk Management and Business Community
- ESG Monitoring/ Investor Communications
- Organizational Alignment/ Optimizing Internal Business Processes

SUSTAINABILITY GOVERNANCE

GRI 102-19 | GRI 102-32 | GRI 102-20

CLI is dedicated to creating a genuine and lasting impact on the environment, economy, and society. To accomplish this, we set specific goals per pillar and delegated authority – thereby creating a chain of responsibility that will keep us on track in our sustainability journey.

SUSTAINABILITY GOVERNANCE



SUSTAINABILITY GOALS AND MANAGEMENT RESPONSIBILITY

CHIEF SUSTAINABILITY OFFICER

SUSTAINABILITY MANAGER

PRODUCT	PROFIT / PROGRESS	PLANET	PEOPLE	PROCESS / PRACTICE
Develop innovative and resilient real estate products that meet changing customer needs; sustain and strengthen market leadership in VisMin	Increase profitability and ensure business growth, secure long-term shareholder value, gain access to capital to the local economy through local sourcing	Conserve resources, manage environmental impacts, protect ecosystems and implement mitigation and adaptation measures of projects and climate related risks and opportunities	Provide the best customer experience, be the best employer and the most community-focused organization by engaging and investing our human, social and relationship capitals	Improve internal business processes and operational efficiencies, comply with all regulations, increase transparency through enhanced investor communication, manage risks and drive technological innovation

MANAGEMENT RESPONSIBILITY

PRODUCT	PROFIT / PROGRESS	PLANET	PEOPLE	PROCESS / PRACTICE
Business Development Technical Planning Engineering Property Management ERM Committee	Business Development Finance Investor Relations Supply Chain	Business Development Technical Planning Engineering Property Management	Human Resources-Admin Sales & Customer Relations External Affairs CLI Foundation/Community Relations	Legal and Compliance Risk Management Investor Relations Human Resources-Admin Information Technology

Our Corporate Governance Committee oversees CLI's Sustainability Governance. The Corporate Sustainability Officer (CSO) leads the sustainability committee at the management level. At the board level, an independent director is tasked to manage the Corporate Governance Committee. As a member of board committees, the Committee is responsible for overseeing sustainability programs to ensure accountability that we achieve our sustainability performance targets. It also puts forward climate-related risks and opportunities that can affect our business, strategy, and financial planning.

While the President and CEO is the primary decision-maker on all matters concerning CLI's strategy and operations, the Chief Operating Officer (COO) bears operational responsibility as per the CEO's directives. In this regard, the COO also serves as CLI's CSO. Additionally, the COO manages CLI's sustainability, objectives, strategies, and programs.

Working directly under the Corporate Sustainability Officer is the Sustainability Manager. The Sustainability Manager is in charge of collaborating with all units across Cebu Landmasters in developing the sustainability framework, performance metrics, and programs, making sure that different departments, committees, and offices involved are efficiently and successfully fulfilling their tasks.

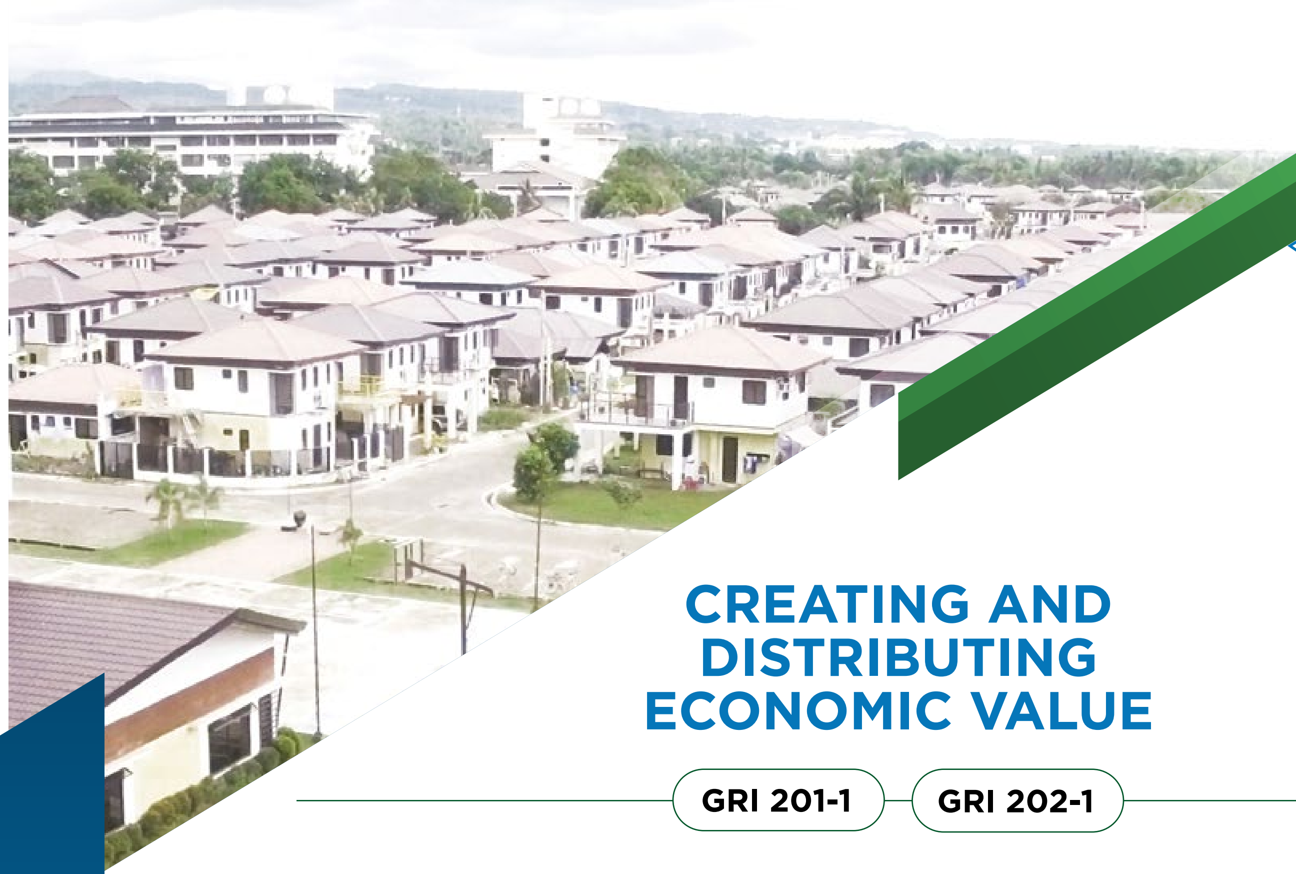
BEYOND THE BOTTOMLINE

ECONOMIC SUSTAINABILITY

We grow the business and support local markets

PILLAR 2: PROFIT AND PROGRESS

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES



CREATING AND DISTRIBUTING ECONOMIC VALUE

GRI 201-1 GRI 202-1

CLI is committed to growing its business while supporting local markets. Through our operations and other business activities, we are able to generate and distribute economic value to our employees, investors, contractors, suppliers, and other stakeholders – ultimately contributing to the Philippine economy.

P2.612B
Year-on-year growth net income to parent

P11.162B
Revenues

P7.13B
Payments to contractors, suppliers, and consultants

14% higher
entry-level wage than the local minimum wage

P451M
Salaries and benefits

P983.4M
Government taxes paid

MITIGATING CLIMATE-RELATED RISKS

Considering the economic impacts and risks posed by being stationed in one of the most disaster-prone countries globally, CLI is committed to increasing climate change awareness and developing appropriate mitigation and adaptation measures in combating climate-related risks.

We established a Risk Oversight Committee to guide the Board on high-level risk-related concerns. CLI acknowledges that all climate-related risks affect our financial position because the real estate industry is vulnerable to extreme weather conditions. Therefore, we have implemented mechanisms to overcome these threats.

We hired a Risk Officer to be in charge of the Risk Management Executive Committee (RMEC) to navigate the decision-making regarding climate-related and other associated risks. RMEC ensures that we continue to allocate for risk initiatives, and strategies and build action plans that mitigate climate-related risks.

CLI's Business Continuity Management Plan is highly focused on major natural and man-made calamities that adversely affect its business operations. Major considerations such as location, calamity history, manpower, and proximity of the internal support and local emergency response team were embedded in the plan.

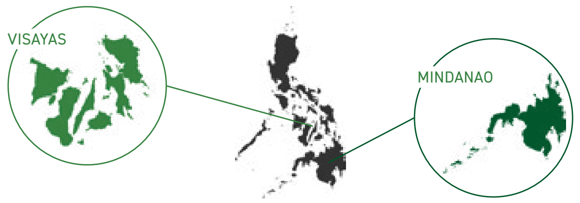
HELPING LOCAL ECONOMIES FLOURISH

GRI 202-2

Cebu Landmasters recognizes the significance of our suppliers' and contractors' roles in providing services for our customers. We depend on them for our products. Hence, CLI subjects them to rigid pre-qualification and bidding procedures to ensure their legitimacy and performance capabilities and verify that they are at par with our standards in terms of code of conduct, workplace and facility requirements, human rights, and the environment. We choose the suppliers who can provide the best value at the highest quality to suit our and our customers' needs.

CLI runs the risks of these contractors not meeting our standards, being unavailable, and failing to deliver on time. To mitigate these risks, we began undertaking internally-developed engineering and architectural designs. Moreover, we directly supervise every phase of the construction of our project. Because of the internal logistics and mechanisms we enforce in our procurement practices, CLI is confident that its raw materials or services for our operations will not experience a shortage.

Cebu Landmasters leverages our extensive knowledge and experience of the local markets and strong relationship with our local contractors, and suppliers.



90% of PhP 7.2B
in supplies and contract services we paid was to Filipino-owned businesses, 70% for suppliers from Visayas and Mindanao regions

78%
of our management committee members are from the local community

12,217
generated jobs

572
CLI organic employees

82
CLI project management organic employees

329
outsourced personnel in managed opportunities

89
outsourced personnel in corporate or branch offices and showrooms

47
hotel operations employees

9,931
workers in construction sites

1,165
occupants/workers in CLI-owned office buildings and retail space tenants

INVESTING IN OUR COMMUNITIES

GRI 203-1 GRI 203-2

Aside from our commercial projects that develop diverse product lines such as residential units, office, and retail spaces, hotels, and townships for different markets, CLI also does pro-bono initiatives. We provided road repairs and widening, drainage repairs, and enhancement in various areas in Visayas and Mindanao. We also built a public market in Lahug, Cebu City, and a transport terminal in Guadalupe, Cebu City.

CLI has transformed the landscape of the localities where it establishes projects through our well-planned, accessible, inclusive, and resilient spaces. We help catalyze economic activities in the area by catering to different demands and needs of various markets, including the low-to-medium income markets and vulnerable sectors. CLI provides affordable housing, project innovations, and diverse business models that are customer-centric and community-focused.

Our preference for sourcing local talents, services, and materials generates jobs for the local community. By building trust and integration with the locals, we forge ties and collaborations that help us achieve our goal of creating a long-lasting impact on the country.

FINANCIAL REVIEW

Cebu Landmasters, Inc. ("CLI" or the "Company") is the leading real estate developer in Visayas and Mindanao currently located in **15 key cities** in the region.

In 2021, CLI will continue to launch projects to strengthen its market leadership in Visayas and Mindanao. During the year, it has unveiled more of its garden series and premier masters as the economy gradually reopens. Ten projects were successfully launched and substantially sold out driving up the company's reservations sales namely:

VELMIRO HEIGHTS CDO
CDO

CASA MIRA TOWERS GUADALUPE TOWER 3
CEBU CITY

CASA MIRA SOUTH PHASE 4A & PHASE 4B
NAGA & SAN FERNANDO, CEBU

CASA MIRA TOWERS BACOLOD
BACOLOD CITY

CASA MIRA HOMES ORMOC
ORMOC CITY

MANDTRA RESIDENCES TOWER 1 AND TOWER 2
MANDAUE CITY, CEBU

TERRANZA RESIDENCES
ILOILO

COSTA MIRA BEACHTOWN MACTAN
MACTAN, CEBU

Cebu Landmasters recorded reservation sales of P16.5 billion for 2021, 16% more than 2020's PhP 14.25 billion due to sustained demand for housing in its key markets by launching 3,865 units in 10 projects worth PhP 18 billion, more than the eight projects launched in 2020 worth PhP 11.5 billion.

Cebu Landmasters launched Masters Tower Cebu on 19 February 2021, with a target completion date of 2025. This was designed by SOM, an innovative and esteemed architectural firm. The project will include prime office and retail space as well as the Queen City of the South's first five-star luxury hotel. The Sofitel Cebu City will be managed by Accor, a global hotel company with headquarters in France. The construction, which is expected to cost PhP 4 billion, would be built by EEI Corporation on a 2,840 sq.m plot in Cebu Business Park, the city's preeminent central business area.

In March 2021, Cebu Landmasters signed a new PhP 360 million joint venture focused on filling a rapidly rising demand for co-living spaces that deliver affordable, safe transient housing in Cebu for young professionals and students seeking quick access to strategic business centers. Named Sugbo Prime Estate Inc., the partnership kicked off with a 7,500 sq.m prime property along Banilad Road that is a walking distance to the Cebu IT Park where many Business Process Outsourcing (BPO) firms are located. With renewed BPO interest in Cebu, areas like Banilad surrounding the BPO hubs have become highly in-demand. The mixed-use development will have retail spaces, over 300 dormitory rooms, and a self-storage facility. The project is to be completed by 2023 and primarily targets young professionals and students returning to work and schools, respectively.

In April 2021, CLI broke ground on Patria de Cebu, a new mixed-use development offering 21,000 sq.m of gross floor area and a 182-room Mercure Cebu Downtown at the heart of downtown Cebu City's heritage trail. Patria de Cebu's redevelopment will offer 4,320 sq.m of food, dining and entertainment spaces and 4,400 sq.m of office space. The balance will be taken up by Mercure Cebu Downtown set to open in 2024 to be operated by French multinational chain Accor, a world leading hospitality group.

CLI's collaboration with the Archdiocese of Cebu covers the development and operation of the mixed-use project for 40 years.

In May 2021, CLI continued its partnership with BPI Investment Management, Inc.'s ("BIMI") managed money market funds by entering into another notes facility agreement worth PhP 3 Billion. The facility was arranged by BPI Capital Corporation ("BPI Capital"), that also initiated the initial PhP 2 billion facility issued last October 2019.

CLI received PRA approval in June 2021 to reclaim and develop the 100-hectare Minglanilla Techno Business Park in Minglanilla, Cebu. Following that, CLI increased its share from 20% to 80% in order to streamline the Company's operations as the development's developer and project manager. During the year, PRA issued a Notice to Proceed for the reclamation. In October 2021, CLI broke ground to begin its development.

In July 2021, CLI revealed its very first resort development – the PhP 2.5 billion Abaca Resort Mactan.

The 125-room all-suite accommodation will feature stunning panoramic ocean views and will rise 17-stories high on a 4,500 sqm. property formerly occupied by the multi-awarded Abaca Boutique Resort in Punta Engaño, Lapu-Lapu City, a tourism growth center. CLI purchased the property in 2019 and has signed up with The Abaca Group to continue operating the hotel and providing luxury experiences tailored for local and global tourists when it reopens. To design the resort, CLI tapped internationally renowned architectural firm Büro Ole Scheeren whose projects have won numerous global awards.

On July 14, 2021 the Company distributed 1,909,451,997 new common shares as stock dividends, or 123 new shares for every 100 existing shares. This resulted in an increase in outstanding common shares to 3,461,851,997.

In August 2021, CLI signed a Memorandum of Agreement (MOA) to acquire 14.3 hectares of Xavier University (XU) - Ateneo de Cagayan's Manresa Property in uptown Cagayan de Oro. CLI's acquisition, named Manresa Town, will be developed with condominiums, dormitories, retail and commercial spaces that will be an integral part to the masterplanned township of Xavier University Cagayan de Oro. Proceeds that XU will be receiving will be used to develop the new XU Masterson Campus, which at 21 hectares will be three times larger in area than the current campus. Provisions in the agreement prepared by Xavier University and endorsed by Jesuit leaderships in the Philippines and in Rome were approved by the Vatican after a thorough two-year review process. The new 21-hectare XU Masterson Campus, is envisioned to catalyze development in Northern Mindanao with a Sustainable and New Normal-ready Campus Masterplan. The masterplan of the XU Masterson Campus will blend seamlessly with the adjacent Manresa Town to be developed by Cebu Landmasters, a 14.3-hectare mixed-use university town that provides XU students convenient and safe residential options, easy access to commercial establishments and future-ready offices.

In December 2021, CLI and Borromeo Brothers Estate Inc. inaugurated the PhP 1.2-billion 5-Star BERDE-certified green commercial tower Latitude Corporate Center, increasing CLI's office GLA to 29,000 sq.m from 14,000 sq.m year-on-year. The hybrid office building standing 24-storeys high with designated spaces for BPO offices (8th-12th floors), Enterprise offices (14th-16th floors), Executive offices (17th-24th floors) and a retail concept (first and second floors) is strategically located in Cebu Business Park and is among the tallest buildings in the business district. The development was awarded this year with a five-star accreditation under the Building for Ecologically Responsive Design Excellence (BERDE) rating system, a testament to its sustainable design tailor fit to world class standards.

During the 9th PropertyGuru Philippines Property awards, Cebu Landmasters was awarded as the Best Developer in Visayas and in Mindanao along with 9 other accolades from its portfolio of innovative, and market-resonant projects spread across the Visayas and Mindanao region, such as Casa Mira Towers Mandaue, Davao Global Township (DGT), MesaVirre Garden Residences, One Paragon Place, Patria de Cebu, Radisson Red Cebu Mandaue, and Velmiro Uptown CDO.

With the Company's stellar performance and proven execution capability to adapt to the new normal translating to a resumption of pre-pandemic growth and income levels, the Board deemed it fit to declare a regular and special cash dividend of PhP 0.112 and PhP 0.038 per share on March 15, 2022 with a total estimated amount PhP 519.2 million, a 33.6% increase from the PhP 388.75 million paid to stockholders last year. The recently declared dividends have a record date of 22 April 2022 and will be paid on 17 May 2022.

Cebu Landmasters recorded Net income to parent shareholders of PhP 2.61 billion, an increase of 42% from PhP 1.846 billion in 2020. This generated an Earnings per share of PhP 0.75, a growth of 47% YOY from PhP 0.51 EPS in 2020. The significant increase is driven by the strong topline growth and one-time tax adjustment amounting to PhP 282 million brought about by the implementation of CREATE law.

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

REAL ESTATE SALES

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

Casa Mira accounted for 44% of revenues, followed by the Garden series with 30% and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu remain outstanding, representing 55% of the total revenues, followed by CDO with 11% with Davao and Iloilo both contributing 10%.

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

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

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

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

HOTEL OPERATIONS

Launched on 14 September 2019, Citadines Cebu City posted PhP 54.56 million for the period ending 31 December 2020 with hotel revenues driven from BPO companies that housed their employees during the lockdown. The pandemic severely affected the tourism and hospitality sector and caused declines for most, if not all, hotels, retailers, and other businesses. Despite the pandemic, the Company remains preferred due to its unique service apartment and strategic location.

LEASING

We made continued rentals possible for essential establishments such as supermarkets even amid the pandemic. The Company offered rental concessions and holidays to support local businesses during lockdown decreasing its rental revenue by 13% y-o-y to PhP 55.24 million from PhP 63.16 million. GLA increases by 2% y-o-y to 14,536 sq.m from 14,296 sq.m with the completion of retail spaces in residential projects. Despite this, the Company is not immune to these economic downturns and still experienced declines. As of 31 December 2020, rental occupancy rate is at 79%, a minor decline from 82% as of 31 December 2019.

PROPERTY MANAGEMENT

Property management became even more essential given the persistence of COVID-19. The Company's PM is critical in ensuring that tenants and clients are able to safely occupy CLI's properties. Revenue from property management fees is at PhP 42.59 million, a 16% y-o-y increase from PhP 36.84 million mainly from continuous turn-over of completed projects during the year – Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

COST AND EXPENSES

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

Total operating expenses during the year amounted to PhP 1.95 billion, a 54% y-o-y increase from PhP 1.27 billion mainly due to the increase in accounted commissions and incentives to PhP 725 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives. Salaries and employee benefits also grew by 22% to PhP 431.93 million which aligns with the increase in the Group's manpower to 691 employees from 574 employees to support CLI's expansions across VisMin. During the year, the company also spent PhP 100 million in costs attributable to the purchase of the 14.3 hectares that will be integrated into the Xavier University Masterson Campus.

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

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE

	2021	2020	2019
Consolidated Revenues	11,162,170,684	8,298,820,318	8,499,047,935
Consolidated Net Income	2,670,871,617	2,075,727,320	2,437,937,511
Net Income attributable to parent	2,612,937,324	1,846,119,732	2,012,289,618

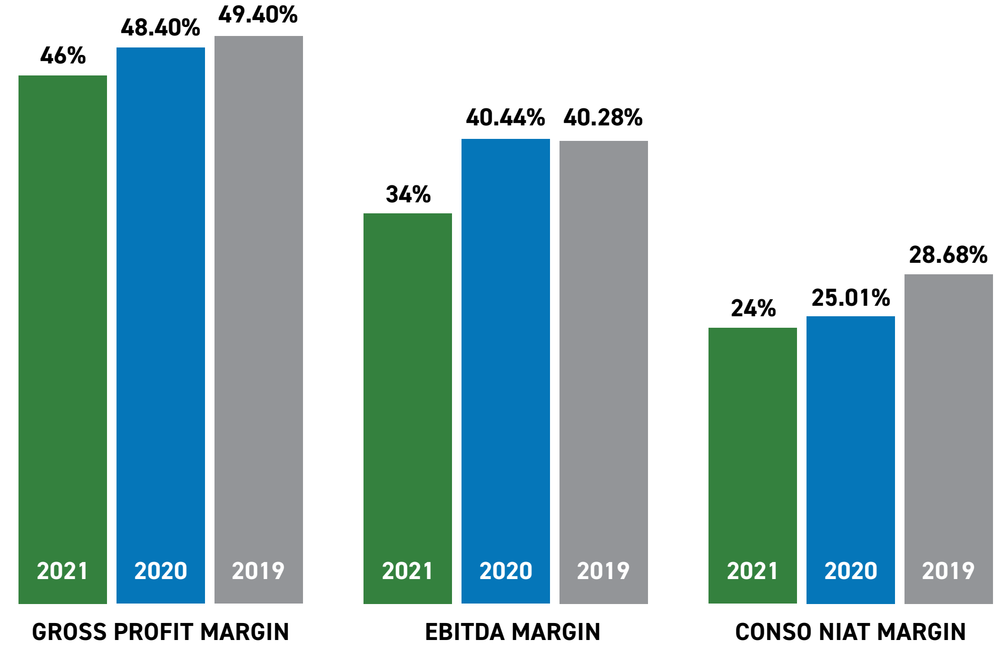
FINANCIAL POSITION

	2021	2020	2019
Current Assets	37,002,075,676	27,600,305,172	22,932,778,506
Non-Current Assets	29,650,029,757	22,490,196,271	15,350,663,731
Total Assets	66,652,105,433	50,090,501,443	38,283,442,237
Interest bearing debt	32021719390	23,793,983,711	16,846,756,577
Other liabilities	16,698,204,519	10,769,276,273	7,688,427,371
Total Liabilities	48,719,923,909	34,563,259,984	24,535,183,948
Total Equity- Parent	10,839,874,203	8,631,601,760	7,692,228,382
Total Equity	17,932,181,524	15,527,241,457	13,748,258,287

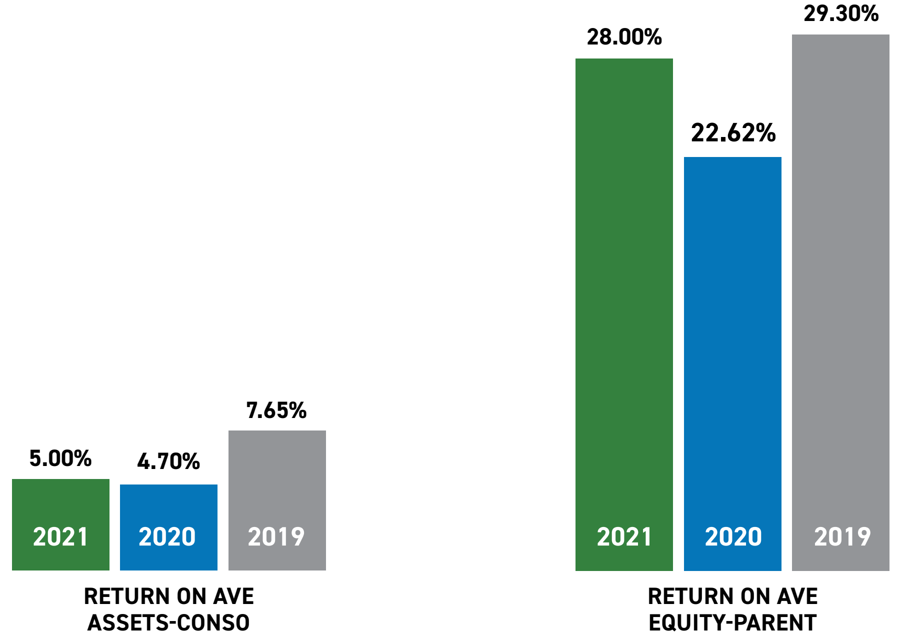
CASH POSITION

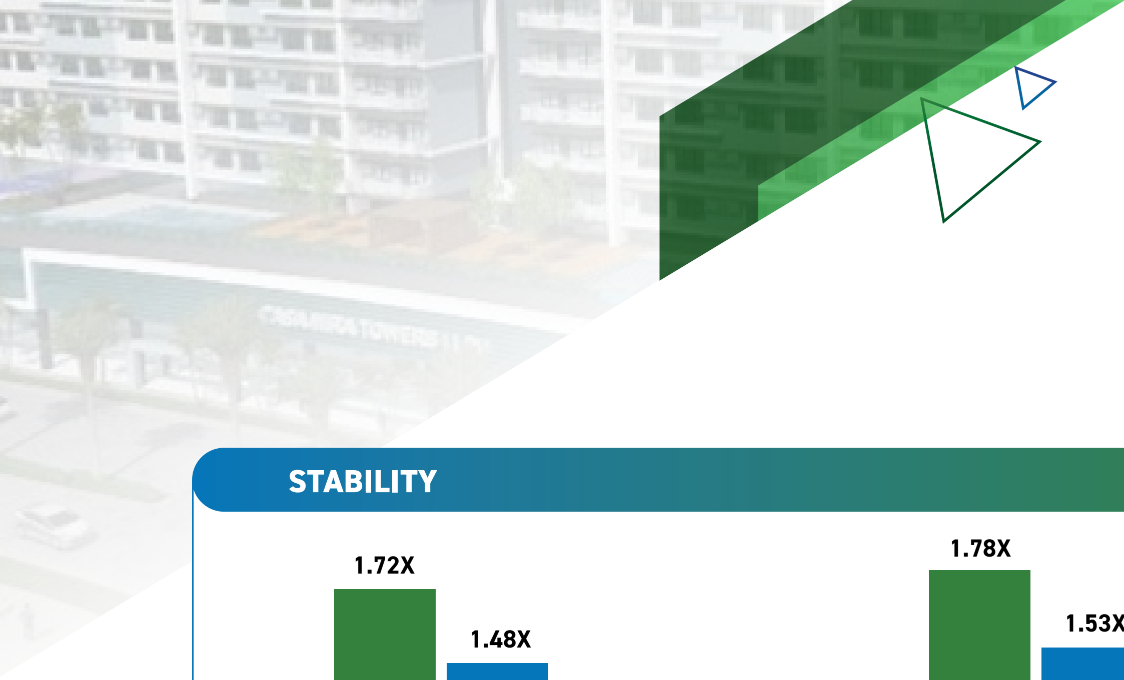
	2021	2020	2019
NCF used in Operations activities	-920,937,461	- 3,703,869,374	- 3,068,007,070
NCF used in Investing activities	-5,229,695,398	- 1,783,319,584	- 2,265,219,358
NCF from financing activities	6,449,269,985	5,367,203,097	5,301,235,148

PROFITABILITY

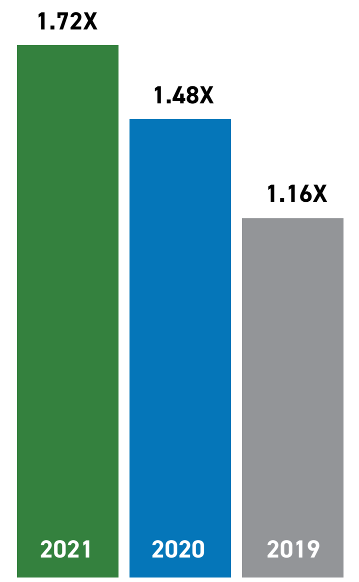


RETURNS

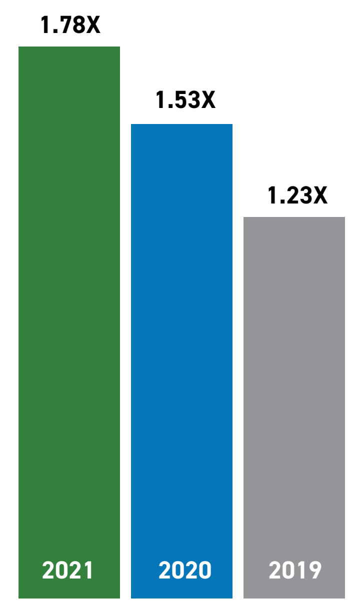




STABILITY

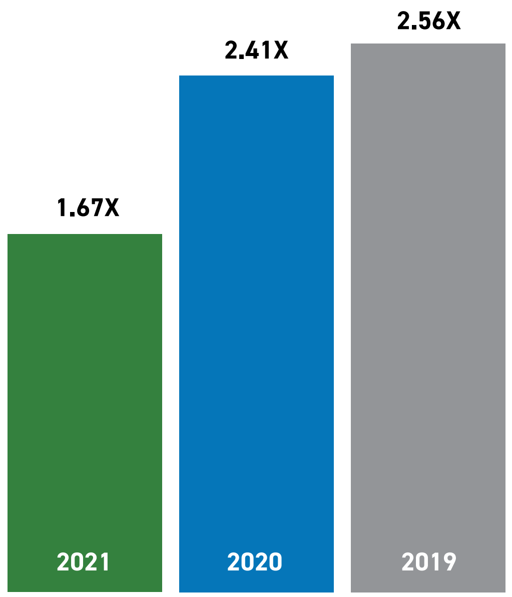


NET DEBT/EQUITY



DEBT/EQUITY

LIQUIDITY



CURRENT RATIO

VALUATION

	2021	2020	2019
EPS	0.75	0.51	0.54
BV per share	3.13	2.39	2.09
Price**	3	2.26	2.17
Price to Earnings	4.000	4.431	4.019
Price to BV	0.96	0.95	1.04
Dividends declared:			
Cash dividends	0.15 (0.33 adjusted pre-stock divideds)	0.25	0.25
Stock dividends		123%	

* adjusted after stock dividends

**close as of last day of trading during the year

OPERATIONAL HIGHLIGHTS

	2021	2020	2019
LANDBANK (IN SQ.M)	1,031,424	908,959	1,239,430
Reservations Sales take-up	16,525,206,979	14,247,928,010	12,676,980,539
GROSS LEASABLE AREA	29,133	14,536	14,296
HOTEL ROOMS	180	180	100

BEYOND MEASURE

ENVIRONMENTAL STEWARDSHIP

We conserve resources and manage environmental impacts

PILLAR 3: PLANET

Natural capital is crucial to our operations, we are committed to ensuring that we can sustainability create value through our use of materials, land, water, and energy resources. The Planet pillar shows our dedication to environmental stewardship, focusing on conserving resources, managing environmental impacts, and protecting ecosystems.

Our 2021 material topics show resource management and environmental impact management as the major themes. We have bolstered these initiatives in prioritizing proper baseline data-gathering and monitoring. By measuring key environmental indicators, we can make informed decisions and track our progress in our sustainability journey.

USING RESOURCES RESPONSIBLY

We recognize our dependence on natural resources to operate, and the environmental impacts that result from business activities. Our ability to build infrastructures that benefit customers relies on being able to access materials, water, and energy in the long term. Considering this, we aim to balance business productivity with resource conservation.

We developed a monitoring system to establish baseline data on our energy, water, and materials used. This system involves different departments for different sites. Our Human Resources and Admin Departments monitor water and energy use in corporate offices, showrooms, and staff houses. The Property Management Department tracks resource use in managed properties, while the Engineering Department monitors usage in projects under construction in coordination with contractors. The Engineering Department also tracks contractor-supplied materials and the Supply Chain Management Department takes note of owner-supplied materials.

Monitoring provides data that empowers us to make informed decisions on resource management. We have begun introducing conservation measures and cascading them to areas with significantly higher consumption. The baseline data on energy, water, and materials will be further analyzed and used to set reduction targets.

MATERIALS

GRI 301

We are cognizant of our environmental impacts, and make an effort to minimize and mitigate them. Our business requires a significant volume of non-renewable construction materials to develop quality residential, office, retail, hotels, mixed-use and township projects. These materials comprise sand, gravel, cement, rebars, and glass – all of which have considerable impacts. For instance, mining raw materials to produce glass, steel, and cement impacts land, water and air quality, and biodiversity. It is especially important to conserve mineral resources, given the particularly limited limestone deposits in the country.

SOURCE	SAND (CU.M)	GRAVEL (CU.M)	CEMENT (CU.M)	REBARS (KG)	GLASS (SQ.M)
Contractor Supplied	54,210,173.00	38,913,266.00	5,691,158.47	62,378,652.15	38,450.00
Owner-Supplied	0	0	96,201,820.00	10,453,281.55	0
Total	**54,210,173.00**	**38,913,266.00**	**101,892,978.47**	**72,831,933.70**	**38,450.00**

We implemented processes and systems to monitor our material use, and coordinated with contractors to execute them. In doing so, we can explore ways to improve materials efficiency, continuously improve our project execution, and introduce best construction practices, without compromising quality and durability. For instance, we can potentially reduce costs on materials that make up the largest portion of our project spending such as steel and cement.

Managing our impacts also helps us remain resilient to external risks that can affect project execution and delivery. The scarcity of materials is a major threat, such that it influences the cost of materials and affects our industry competitiveness. For instance, scarcity may be a concern in times of disaster and natural calamities when demand for materials increases dramatically or when suppliers experience manpower shortage. Global issues can also trigger local price fluctuations, especially for heavily imported resources such as fuel.

We aim to continue monitoring and managing our use of construction materials, and consider other ways to be more efficient in using them such as exploring renewable or alternative materials.

ENERGY

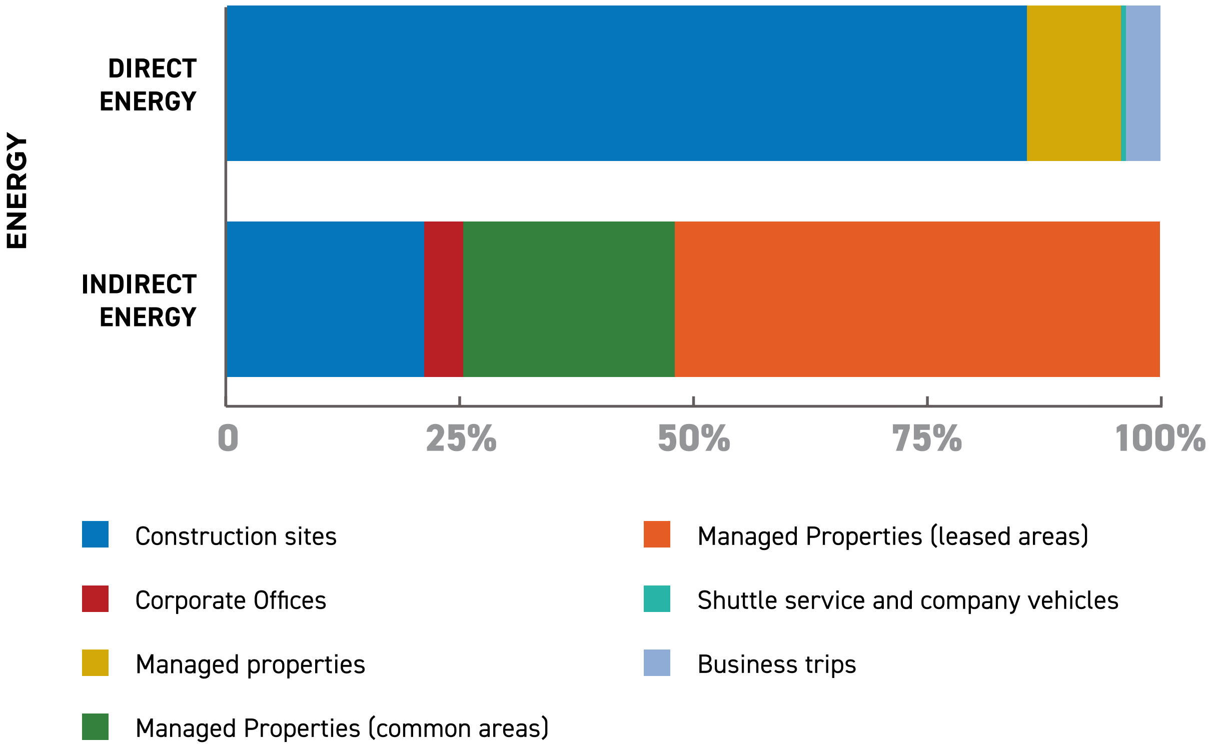
GRI 302

Our business depends on energy use across all our sites and throughout our value chain. We use energy for our corporate and satellite offices, commercial operations, and construction projects.

Both fuel and electricity are used in our operations. We purchase gasoline and diesel to operate power generator sets during power interruptions or in construction sites without power lines, and to use vehicles at construction sites and for other business trips. The Visayan Electric Company (VECO) in Cebu, Davao Light and Power Company and other power utility companies in the VisMin area supply electricity to our offices, project sites, and properties.

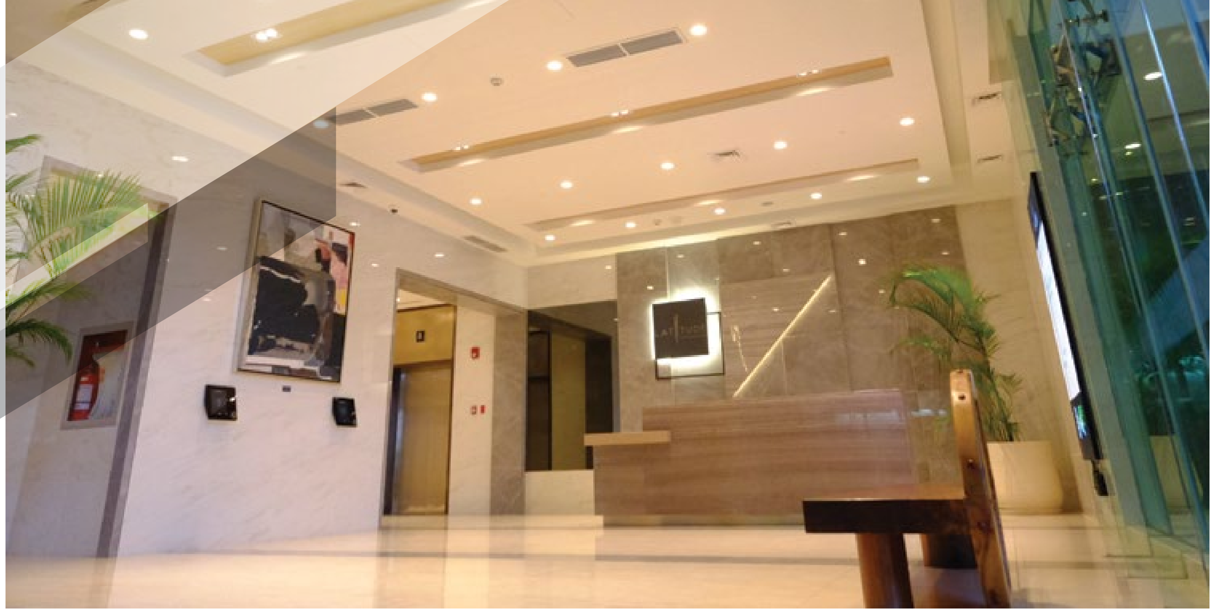
We consumed 90,409.47 GJ of energy in 2021, with 54% of it from direct energy (gasoline and diesel) and the remaining 46% from indirect energy or power. This amounts to 259,580.52 liters of fuel and 9,030,112.28 kWh of electricity.

Considering areas where we operate, constructions sites consume the most energy at 51,583.19GJ or (57.06%), followed by our managed properties at 35,485.95 GJ (39.25%), then corporate offices and vehicles at 3,347.03 GJ (3.70%).



Our management approach is mainly to monitor energy consumption and implement management measures accordingly. CLI Property Management (PM) consistently monitors energy use and implements conservation practices, and is developing a standardized system to track usage in managed residential and commercial properties. Our current energy management practices include:

a) Carefully selecting efficient mechanical AHU (air handling unit) systems and brands
b) Encouraging policy-driven use and installation of HVR (high-voltage resistor) devices to minimize operational costs
c) Complying with green building design policies and standards, and extending this to advocacy to tenants, locators, and industry partners



We keep track of risks that we may encounter so we can adequately prepare for them. Based on our review, we see our current dependence on traditional electricity sources as a concern with regards to energy consumption.

Coal, a non-renewable resource, remains to be the major source of electricity for the entire country. The lack of coal supply in the future poses a risk to our operations, particularly in Cebu and Davao where the major power distribution facilities are located such as Visayan Electric Company (VECO) and Davao Light and Power Company (DLPC). Although there are renewable energy sources supplying the Cebu, Negros, Panay (CNP) grid, these are prone to natural hazards such as earthquakes and can trigger major power supply disruptions.

Additionally, the increasing population in urban areas and the lack of committed installation of new power sources can also result in energy shortages in the Visayas and Mindanao regions.

ENERGY CONSUMPTION IN CORPORATE & SATELLITE OFFICES AND SHOWROOMS

GRI 302-1

In 2021, CLI had a total energy consumption of 3,347.03 GJ in the corporate and satellite offices and showrooms. This is a 39.80% increase from the previous year, mainly due to our expansions and added offices and showrooms throughout the VisMin region.

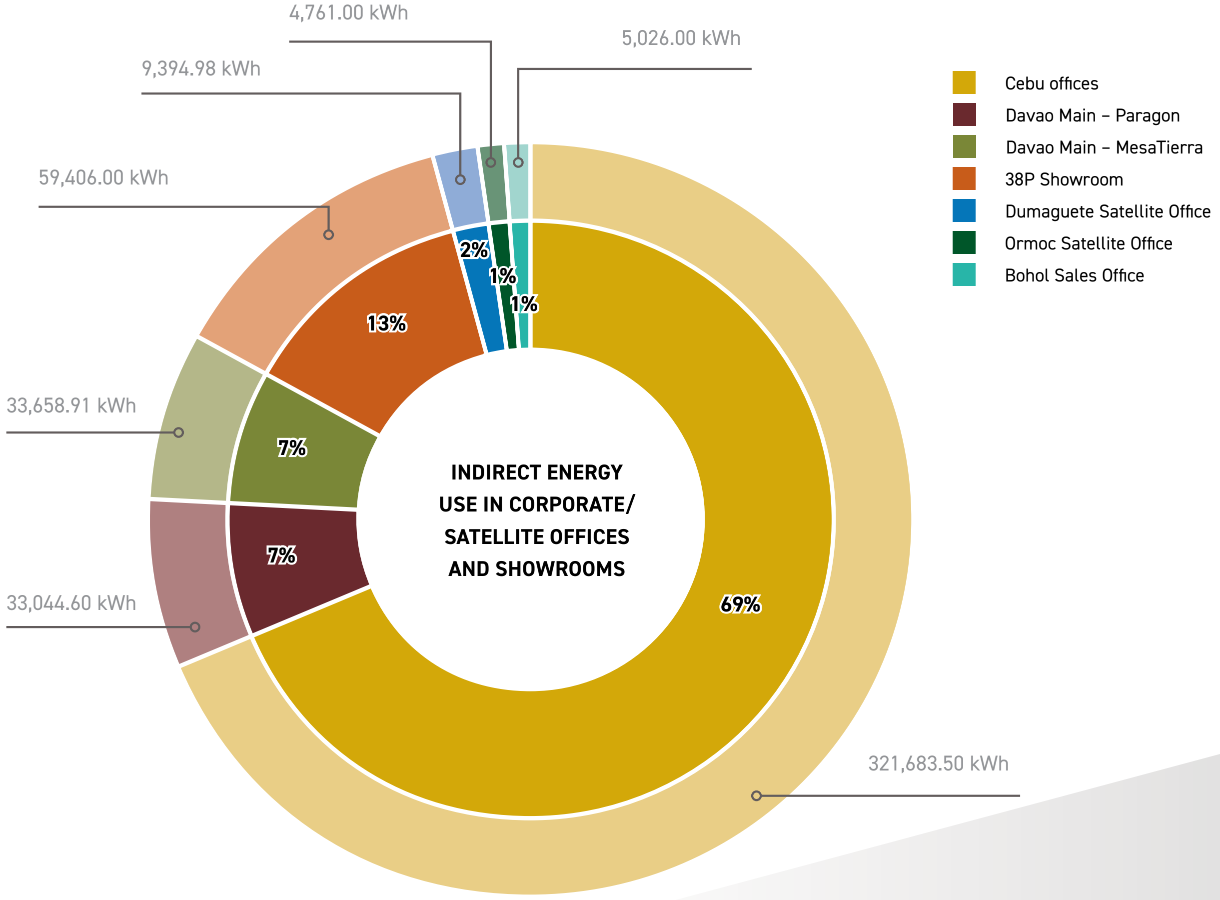
DIRECT ENERGY CONSUMPTION (GASOLINE AND FUEL)	IN LITERS*			IN GJ**		
	2019	2020	2021	2019	2020	2021
Fuel used for employee shuttle service and company-owned vehicles	1,775.08	6,325.17	6,234.54	59.51	212.06	209.02
Fuel used for other vehicles used for official business trips	26,841.72	37,092.63	43,457.78	899.89	1,243.56	1,456.95
Subtotal	**28,616.80**	**43,417.79**	**49,692.33**	**959.40**	**1,455.61**	**1,665.97**

INDIRECT ENERGY CONSUMPTION (GASOLINE AND FUEL)	IN KWH			IN GJ		
	2019	2020	2021	2019	2020	2021
Electricity for operations	269,439.30 (2 offices)	260,724.50 (4 offices)	466,974.99 (7 offices*)	969.95	938.58	1,681.06
Total Energy Consumption				**1,929.35**	**2,394.19**	**3,347.03**

*Estimated using Cebu City's average common retail pump prices by yearend 2019 to 2021 per liter of fuel. Retrieved from the Department of Energy (https://www.doe.gov.ph/retail-pump-prices-visayas)
**Converted using US Energy Information Administration tool (https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php)

We consumed 1,665.97 GJ or 49,692.33 liters of diesel and gasoline to fuel vehicles. Compared to 2020, we utilized 17.2% fuel because more official business trips were made as a result of easing pandemic restrictions. In contrast, we reduced fuel consumption by 1.4% in operating employee shuttle service and company-owned vehicles.

In total, our electricity consumption was at 466,974.99 kWh or 1,681.06 GJ. This was estimated using the annualized figures for seven offices, including then converted to GJ for ease of comparison. Our computations show the electricity consumption in the following sites:



Cebu offices account for a majority of power consumption since the majority of our workforce holds office in the corporate headquarters and satellite offices in Cebu. We have yet to set a baseline data for offices in Iloilo, CDO, Bacolod, and Bohol and appoint data sources on who will track and monitor our resource consumptions in these respective areas.

ENERGY CONSUMPTION IN MANAGED PROPERTIES AND CONSTRUCTION SITES

GRI 302-1, 302-2

We gathered baseline data for energy consumed in our managed properties and construction sites, which showed that these areas require the most energy. Given this information, implementing resource management measures in these areas will be critical in curbing our energy consumption. In the future, we aim to keep monitoring our sites and properties to better strategize how we can manage our fuel and electricity consumption.

Construction is the most energy-intensive part of our value chain, accounting for 51,583.19 GJ of direct and indirect energy used. Our construction sites also require the most volume of fuel, since 1,285,926.00 liters of gasoline and diesel were used to power generator sets – 91.42% of our total fuel consumption.

On the other hand, most of our electricity consumption comes from our managed properties. Combined, the common and leased areas of our managed properties make up 74.98% of our total electricity consumed. Our leased areas utilized 6,244,273.50 kWh or 22,406.76 GJ while the common areas used 2,509,964.38 kWh or 9,035.62 GJ in 2021.

ACTIVITY SOURCE	DIRECT ENERGY		INDIRECT ENERGY			
	FUEL FOR GENERATOR SETS (LITERS)	FUEL FOR GENERATOR SETS (GJ)	LEASED AREAS (KWH)	COMMON/ CONSTRUCTED AREAS (KWH)	LEASED AREAS (GJ)	COMMON AREAS (GJ)
Managed Properties (# of properties with data)	120,611.20 (19/20 - 95%)	4,043.57	6,244,273.50 (10*/20 - 50%)	2,509,964.38 (18**/20 - 90%)	22,406.76	9,035.62
Construction Sites (# of projects with data)	1,285,926.0 (26/35 - 74%	43,111.54	Not applicable	2,353,301.00 (25/35 - 71%)	Not applicable	8,471.65
Total	**1,406,537.20**	**47,155.119**	**6,244,273.50**	**4,863,265.38**	**22,406.76**	**17,507.27**

*Estimated consumption of 1 property based on annualized figures

**Estimated consumption of 4 properties based on annualized figures

WATER AND EFFLUENTS

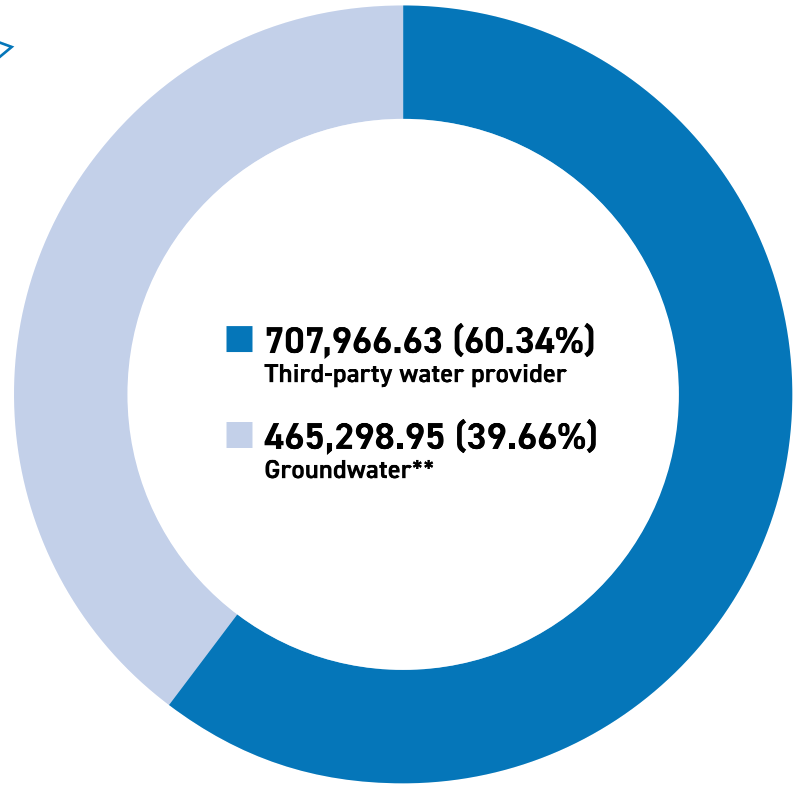
GRI 303

Like energy, water is vital across all our commercial operations like construction sites, office, and retail and hotel facilities. It is important for us to ensure that this resource is available for all stakeholders even in the years to come.

We source water mainly from Metropolitan Cebu Water District (MCWD), our third-party utility provider. This is supplemented by groundwater mostly in horizontal projects. We utilize 100% of the water withdrawn and, from this, 80% of the water is treated. For each property, around 45-60 cu.m is also stored in fire reserve tanks for emergencies.

Our water consumption and withdrawal was 1,173,247.58 cu.m, with 60.34% of this sourced from MCWD and the remaining 39.66% from groundwater. Our managed properties (common and leased areas) require the most water at 722,372.10 cu.m or 62% of total water withdrawn and consumed. This is followed by construction sites which required 446,034.80 cu.m (38%) of water.

This year's data also serves as the baseline for future data monitoring, and shows that implementing water-saving practices in these areas can help us improve our water resource management.



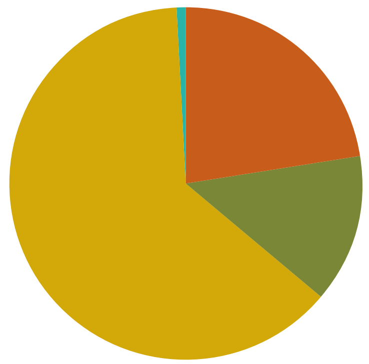
Total: 1,173,265.58 (100%)

While most of the data was captured, CLI was not able to gather baseline data on all properties, construction sites, and offices

**Includes annualized data for 1 managed property*

***Data from horizontal properties*

Third-party water provider



As mentioned previously, we focused on setting a baseline data this year. Aside from this, we implemented water-saving initiatives through our property management arm and contractors. These measures include installing water-saving fixtures in restrooms and educating employees and customers about the importance of water conservation and efforts to reduce excessive water consumption.

We take measures to increase water efficiency to prevent risks regarding the availability of clean water. It is well-known that groundwater may be a scarce resource depending on the area, and can be sensitive to changes in rainfall patterns, extraction, and paved surfaces that can prevent water from recharging groundwater[1]. If left unchecked, depending on groundwater can contribute to aquifer depletion that impacts the environment in different ways such as creating a water shortage, land subsidence, and contaminations such as saltwater intrusion. Increasing populations may also exert further pressure on this resource.

We are at the beginning of our journey to resource efficiency and, as such, there are many opportunities for us to grow. CLI aims to improve water resource management and efficiency by implementing water-saving measures and using available technology to explore alternative sources of water. For instance, we plan to install rainwater harvesting facilities and develop water percolation ponds or other catchment areas.

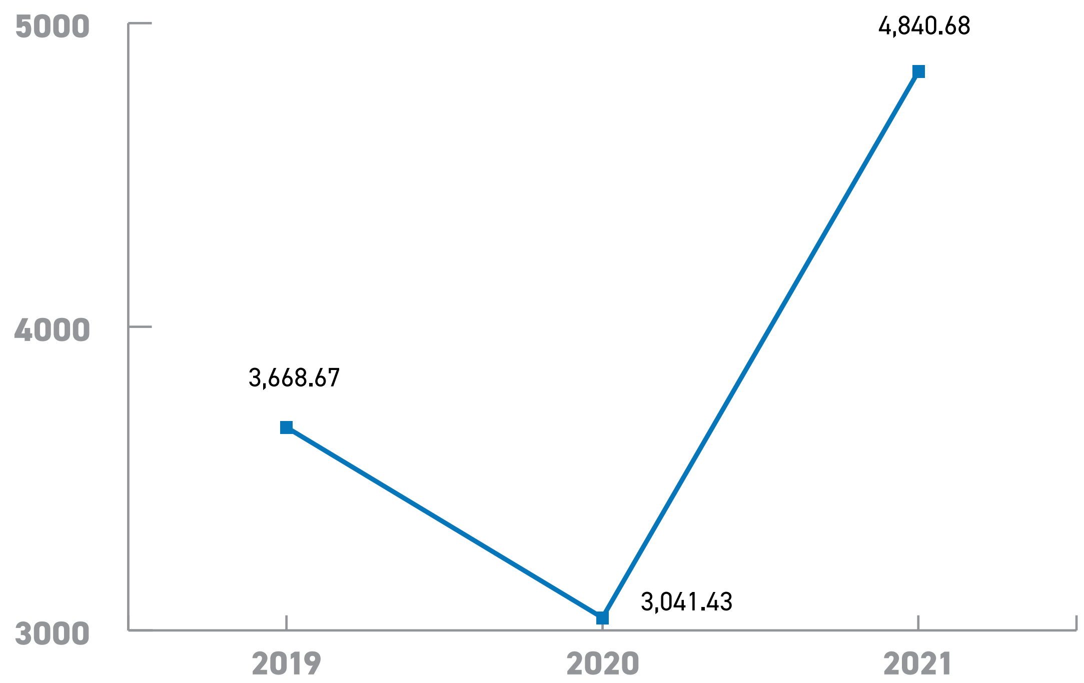
WATER WITHDRAWAL AND CONSUMPTION IN CORPORATE & SATELLITE OFFICES AND SHOWROOMS

GRI 303-3, 303-5

Our data suggests that we use the least amount of water in our offices and showrooms with a total of 4,840.68 cu.m consumed, sourced from our third-party supplier. For this, only our offices in Cebu were monitored as we are still setting up utilities data management to include areas outside of Cebu.

Our water consumption and withdrawal increased by 59.16% from last year since we were able to return to a limited office setup as quarantine restrictions loosened and generally increase in operations. It is of note that compared to pre-pandemic conditions, this uptick was substantially less at 31.95%.

Corporate / Satellite Offices & Showrooms
(Cebu offices only)



[1] US EPA, "Ground Water," Ground Water | US EPA, September 29, 2021, https://www.epa.gov/report-environment/ground-water.

WATER WITHDRAWAL AND CONSUMPTION IN MANAGED PROPERTIES AND CONSTRUCTION SITES

GRI 303-3, 303-5

Our managed properties consume 722,372.12 cu.m in total, which includes the leased areas and common areas. Around 64% of this is sourced from groundwater and is used in the common areas of several managed properties to supplement the water from our third-party provider. On the other hand, our construction sites used 446,034.80 cu.m in 2021.

SOURCE	GROUND WATER* (CU.M)	MCWD / THIRD PARTY WATER PROVIDER** (CU.M)		
		LEASED AREAS	COMMON AREAS	SUB-TOTAL
Managed Properties (# of properties with data)	465,298.95 (8/9 - 89%)	159,602.10 (11/11 - 100%)	97,471.05 (11/11 -100%)	257,073.15
Construction Sites (# of projects with data)	Not applicable	Not applicable	446,034.80 (26/35 - 74%)	446,034.80.80
Total	355,161.00	159,602.10	543,505.85	703,107.95

**Applicable only to horizontal properties/residential subdivisions, except Velmiro Heights. Water consumption of 1 property is estimated based on annualized figures.*
***Applicable only to mixed use, office buildings, or all vertical properties/condominiums, including Velmiro Heights which uses an estimate based on annualized figures.*

EFFLUENTS

GRI 303-4

We incorporate a wastewater treatment system in the facilities of our residential and commercial properties, offices, hotels and project sites to minimize the effluents discharged. On the average, we have been able to treat 80% of water consumed, while the remaining 20% was used for irrigation.

CLI has been examining ways to safely discharge and recycle wastewater since this prevents potential environmental and health risks such as the pollution of nearby water bodies. We have been exploring setting up a built-in dual piping system for potable and non-potable water in our vertical projects to prevent contamination.

In managing our domestic wastewater, we ensure that greywater and blackwater are treated separately. This allows us to recycle greywater for flushing or irrigation.

As for blackwater, this goes into a septic tank for a basic sewage treatment through biological decomposition and drainage. We treated and discharged a total of 542,434.31 cu.m of wastewater in all our managed properties.

DESCRIPTION	2021
Wastewater treated* and discharged (10/10 or 100% of vertical projects)	157,938.31
Wastewater treated using basic sewage treatment through biological decomposition and drainage (10/ 10 or 100% horizontal properties)	384,496.00

**Applicable only to mixed use, office buildings, and vertical properties/condominiums*

RESOURCE INTENSITY

GRI 302-3

Apart from measuring energy consumption, energy intensity aids us in assessing how energy intensive our properties and sites are. We recorded the energy intensity or the energy consumption per square meter of space for residential and commercial spaces primarily on the common areas. For projects under construction, energy intensity is computed based on constructed floor area.

The common areas of our managed properties have an average indirect energy intensity of 33.18 kwh/sqm and an average direct energy intensity of 0.46 liters/sqm of space.

RESOURCE INTENSITIES

SCOPE AND BREAKDOWN	INDIRECT ENERGY INTENSITY KWH/SQ.M.	DIRECT ENERGY INTENSITY LITERS/SQ.M.	WATER INTENSITY CU. M./SQ.M.
Average Intensity: **Mixed Use/Estate/Township**	**21.13**	**0.35**	**0.40**
Base Line Center	21.13	0.35	0.40
Average Intensity: **Office Buildings with G/F Retail**	**55.23**	**0.74**	**0.59**
Park Centrale	98.22	1.03	0.92
Latitude Corporate Center	12.23	0.44	0.27
Average Intensity: **Residential (High rise/Condo)**	**23.17**	**0.30**	**0.64**
Asia Premier Residences	5.60	0.95	0.69
Base Line Residences	38.61	0.04	0.65
Midori Residences	27.08	0.35	0.56
Mivesa Garden Residences	31.32	0.46	1.42
Casa Mira Towers - Labangon	39.45	0.21	0.67
MesaVerte Residences	15.68	0.06	0.42
MesaTierra Garden Residences	4.45	0.01	0.10
Overall Average	**33.18**	**0.46**	**0.55**

MANAGING WASTE

GRI 306

It is vital for us to manage the solid waste we generated since this can significantly impact different aspects of the environment and communities that will be potentially exposed to them. For instance, improper disposal by the hauler to landfills can contaminate the land and water and contribute to GHG emissions.

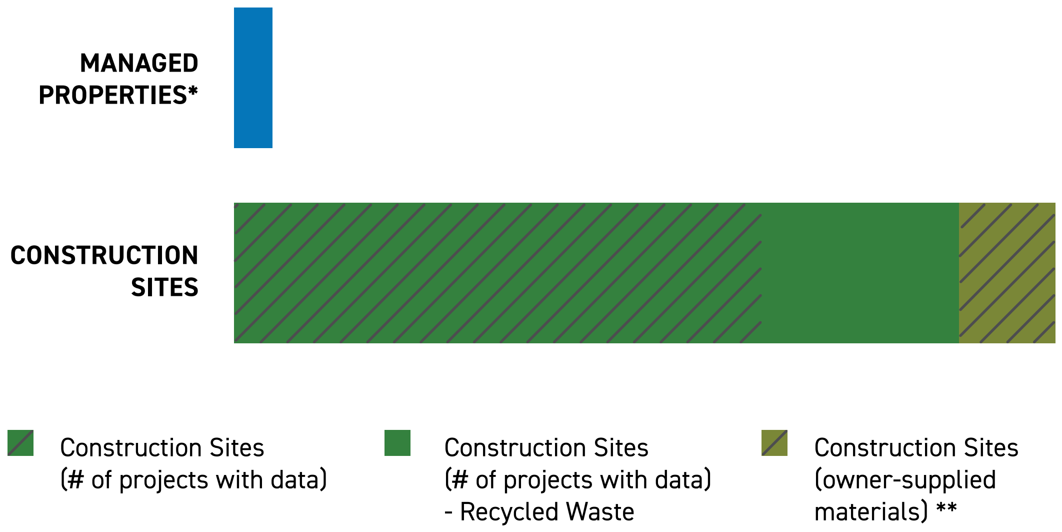
Due to the nature of our business, generating solid waste may be unavoidable. Considering this, we have opted to create mechanisms that would help ensure the proper handling of waste. However, CLI has limited control over this given that solid waste is ultimately handled by private waste haulers.

We focused on managing waste on-site and carefully assessing and choosing our waste collectors. For hazardous waste, the company has designated areas for these and they are collected and disposed of by DENR-accredited haulers. For other types of waste, CLI ensures that the chosen haulers are accredited garbage collectors that operate and meet the standards of DENR in the collection, management and disposal of wastes. For construction projects, CLI's contractors handle waste management.

In 2021, CLI generated a total of 39,370,199.60 kg of solid waste and recycled or reused 30,122,000.00 kg. Most of this solid waste comes from the 28 construction sites we were able to monitor, which amounted to 38,454,600 kg of waste. All recycled materials were recorded from 13 out of the 35 construction sites and results in 78% of all construction waste recycled.

TOTAL WASTE GENERATED IN 2021

GRI 306-3, 306-4



*Recycled waste not monitored

**All waste generated is recycled

There is certainly more room for CLI to improve on data gathering and following practices that adhere to a circular economy approach.

We are aware that, while made with commendable effort, there is still a need to create a waste management and auditing system for all properties. We aim to conduct a regular and detailed waste audit – helping us identify the amount of recyclable, biodegradable, non-biodegradable and residual waste we generate. Further segregation of specific type of waste such as plastics may be prioritized to divert these from the landfill. To contribute to this, we have been allocating resources to enhance the Materials Recovery Facilities in our properties. This can be expanded to include a composting facility for green and other biodegradable waste, particularly for horizontal projects.

In the future, CLI's Property Management and Engineering will require third-party haulers to provide regular reports on the total waste collected and diverted from landfill.

MEASURING GHG EMISSIONS

GRI 305

The amount of direct and indirect energy needed for our operations is reflected in our carbon footprint. Activities in project planning, development, operations and management contribute substantially to our greenhouse gas (GHG) emissions. Specifically, our emissions come from energy use in our corporate offices, commercial operations (office, retail and hotel) and construction projects.

We recorded a total of 3,885.78 MTCO2e emitted from our business activities. Most of this comes from Scope 1 or direct GHG emissions at 3,877.46 MTCO2e or 99.79% of the total, which is consistent with our observations from our energy consumption. Scope 2 or indirect emissions accounted for 0.10% (3.87 MTCO2e) of our total emissions, while Scope 3 or other indirect GHG emissions accounted for 0.11% (4.45 MTCO2e).

TOTAL GHG EMISSIONS

GRI 305-1, 305-2, 305-3

As we continue to expand our operations, we expect our carbon emissions will increase. This contributes to global temperature increase and to the exacerbation of the climate crisis. We find it especially important to work towards the goal of the Paris Agreement to limit global warming to 1.5oC, given that the country is among those who are most vulnerable to climate change such as extreme weather events and rainfall, sea level rise, rising temperatures, and others[2]. We also face the risk of high carbon products being regulated considering the urgency on the global carbon budget, which was reported to be 400 billion tonnes CO2 in the Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6) of 2021.

GHG SCOPE	ACTIVITY SOURCE	MTCO2E	% OF SCOPE
Scope 1 / Direct GHG Emissions	Use of fuel for employee shuttle service and company-owned vehicles	14.16	0.38%
	Use of fuel for other vehicles used for official business trips	98.72	255%
	Use of fuel for generator sets Managed properties Construction sites	 322.81 3,441.77	 8.337% 88.76%
	Sub-total	**3,877.46**	**100%**
Scope 2 / Indirect GHG Emissions	**Power consumption** Corporate Offices Managed Properties – Common areas Construction Sites	 0.34 1.81 1.72	 8.55% 46.89% 44.56%
	Sub-total	**3.87**	**100%**
Scope 3 / Other Indirect GHG Emissions	**Power consumption** Leased Spaces: Office and Retail Spaces	 4.45	
Total GHG Emissions		**3,885.78**	

[2] USAID, "Climate Change Risk Profile," Climate Risk Profile: Philippines | Global Climate Change, February 8, 2017, https://www.climatelinks.org/resources/climate-risk-profile-philippines

CLI's main strategy for reducing GHG emissions is by incorporating energy efficient designs in our developments. Our office, hotel, residential, and retail properties have LED technology specifications that reduce energy consumption. With proper maintenance, LED lighting can have longer operating life. The extended operating life of LED bulbs means that buildings can increase the usable space throughout their building design. With LED lights having a longer life cycle than other light sources, buildings will have less need for light fixtures maintenance.

While new projects use 100% LED, CLI's older projects are still subject to LED replacement with our ongoing LED retrofitting program.

GREEN DESIGN AND DEVELOPMENT

As an advocate of green building design, CLI is a member of the Green Building Council (PHILGBC) and has in-house Certified Green Building practitioners – certified Building for Ecologically Responsive Design (BERDE) professionals who underwent stringent training and qualifying exams to ensure all green building practices are maintained to world class standards. We integrate green building features in our developments, such as: 1) energy efficient construction practices, 2) use of renewable resources, 3) environmentally friendly design features, 4) use of waste prevention systems, 5) low impact materials selection, and 6) design durability and life cycle assessment.

We have also been exploring renewable energy use in some projects by installing solar panels to power street lights on driveways and parking facilities, and on the common areas of housing components.

CLI'S GREEN BUILDING FEATURES

1. Energy efficient construction practices
- HVAC energy efficient units specified for indoor installations
- Technical installations of mechanical air ducts
- Fresh intake and source system checked by third party
- Filters and louver of quality specs maintained by PM
- Instituted standards for improving Indoor air quality in the operation and policy building manual
- Maintaining a controlled temperature for HVAC efficiency and longevity of equipment lifespan
- Heat recovery ventilator (HRV) units installation in offices and tenants space is practiced and specified.

2. Use of renewable resources
- Use of solar power to power our pumps, street lights, and common areas
- Rainwater harvested is used for washing and irrigation of ground cover.

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

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

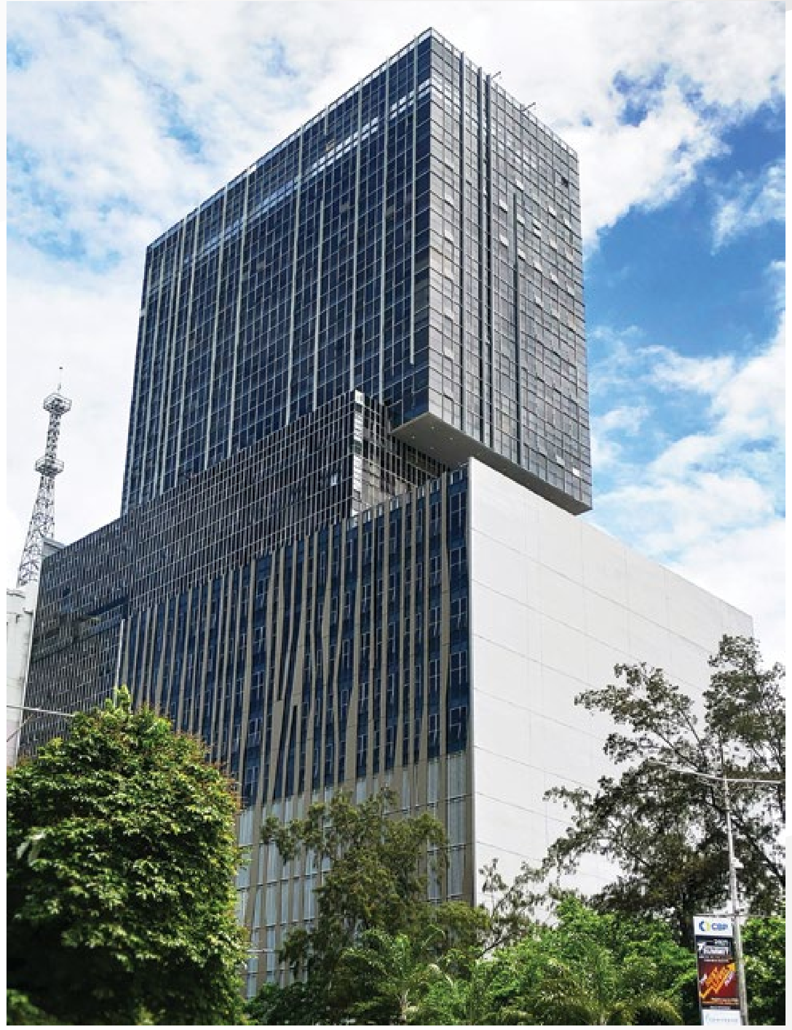
5. Low impact materials selection
- More organic interior material specs- wood/ timber or recycled materials are specified for indoor and outdoor cladding treatment.
- The use of LOW VOC content on materials, strictly specified on construction building manuals.

6. Design durability and life cycle assessment
- CLI consults with green building materials and specialty consultants for longevity of materials and in accordance with other green building materials.

THE LATITUDE CORPORATE CENTER: CLI'S GREENEST BUILDING

The Latitude Corporate Center is an eco-friendly structure, having acquired a BERDE Excellence certification with a 5-star rating. It is the first building in Cebu Business Park rated by BERDE, the country's voluntary green building rating system developed by the Philippine Green Building Council. It has a 20 percent green space, a plaza with a green sanctuary, a green sky lounge at the 14th floor, and a garden deck at the 17th floor. We hope to pattern our future developments after the success of the Latitude Corporate Center in terms of green architecture.

We strive for energy efficiency to drive both cost savings and emissions reduction. CLI aims to establish a system that records and tracks carbon emissions from direct and indirect energy consumption, water consumption, and solid waste generation. The data we gathered for 2021 will serve as a basis to target reductions, to introduce energy and water saving measures, and implement programs on waste segregation and recycling.



CLIMATE ACTION: RAISING AWARENESS AND PROTECTING ECOSYSTEMS

BIODIVERSITY

GRI 304

Property development can affect ecosystems within the vicinity of our sites and properties. As such, we take responsibility for the potential impacts of our operations. CLI ensures the protection of ecosystems by assigning a team comprising Business Development, Technical Planning, and Engineering for the management of projects. They will also be in charge of gathering baseline data during ecosystems assessments and frequent site visits.

Two of CLI's projects have natural ecosystems, one of which is a forest ecosystem in the upland area where Magspeak Nature Park is being developed in Brgy. Magsaysay in Balamban, Cebu and a mangrove ecosystem near a planned reclamation project that is part of the Minglanilla Techno-Business Park (Ming-Mori) in Minglanilla, Cebu. These natural ecosystems support the value proposition of the projects, apart from the ecosystems services they provide.

These developments impact the local ecosystem. To protect the biodiversity in the project sites, mangrove areas will be preserved as part of the project's eco-preservation zone. Magspeak Nature Park is a 15-hectare property located within the 'Multi-Use Zone' of the Central Cebu Protected Landscape. Only 10% of the total area of the park land will be developed, leaving the majority of the areas as natural landscape and green space.

PROJECTS WITH AFFECTED ECOSYSTEMS

DISCLOSURE	QUANTITY
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas*	2 sites: Magspeak Nature Park and Minglanilla Techno Business Park (Ming-Mori)
HABITATS PROTECTED	
Mangroves	1.4 hectares
Tropical rainforest	14.0 hectares

**The company has 2 projects within or adjacent to biodiversity-rich areas: one is in the early stage of construction and other one is in the planning stage.*
*** International Union for Conservation of Nature's Red List of Threatened Species*

Although developing land and properties may be seen as having mostly negative impacts, comprehensive efforts can adequately preserve biodiversity and conserve ecosystem services.

Comprehensive ecosystems assessments and baseline data gathering are necessary for decision-making on ecosystems protection, maintenance, or rehabilitation. Through this, we can allocate resources to enhance biodiversity such as by introducing native plant species and by conducting assisted natural regeneration to boost tree growth. These measures can also include a social component, wherein we partner with stakeholders such as local farmers and fisherfolk. These programs also have the potential to provide value to communities through education on biodiversity conservation and environmental protection.

MAGSPEAK NATURE PARK

MagsPeak Nature Park is a unique project that is envisioned to be a model for environmental protection and enhancement. The 15-hectare ongoing project located in Brgy. Magsaysay Balamban, Cebu will have established demonstration areas for biodiversity management and sustainable forest restoration and green architecture. Once completed, MagsPeak Nature Park will provide an opportunity for upland communities and visitors.

- 6,000 native tree seedlings (11 native tree species) planted across 7 hectares
    - Existing trees: Narra, Mango, Molavo, Tree Fern, Alim, Bangkal, TIbig, BInunga, Kalukoi, Paguringon, Libas, Anabiong, Hauli, Bogo, Sangilo, Alagasi
    - Planted seedlings: Narra, Banaba, Mamalis, Molave, Casia Fistula, Palawan Cherry, Balete, Magtalisay, Dita, Kalumpit, and Toog
- Partners: BUKID-MPC Farmers and RAFI

As part of its land development phase, we planted 6,000 native tree seedlings across 7 hectares of the Park in partnership with Ramon Aboitiz Foundation, Inc. (RAFI) and the farmers from the neighboring communities under the Barangay Unity Key to Integrated Development (BUKID) Multi-purpose Cooperative.

MANGROVES AT MING-MORI TECHNO BUSINESS PARK DEVELOPMENT

Mangroves are vital to ecosystems and contribute to biodiversity, provide coastal protection, sequester carbon, and support livelihoods[3]. With the dwindling number of mangrove forests, we found it especially important to preserve the 1.4-hectare mangrove area within the Ming-Mori Techno Business Park development. This area will be preserved, enhanced, and integrated into the master plan of an 8-hectare open space and landscaped Central Park. We envision this space to be a main attraction for visitors while providing the ecosystem services mentioned previously. CLI aims to contribute to the conservation of marine and estuarine biodiversity by integrating the mangrove forest into our development.

ENVIRONMENTAL COMPLIANCE

GRI 307

Given the scale of our operations, environmental compliance is a means for us to ensure that our impacts are mitigated. As previously discussed, our land development activities have direct impacts on the environment. Our use of materials, energy, and water can affect soil quality, water quality, air quality, biodiversity and habitats, among others.

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

We neither had recorded cases of nor received sanctions for non-compliance with environmental laws and/or regulations in 2021. This attests to the effectiveness of our mechanisms in ensuring compliance. In the future, we aim to improve our system by investing in internal training and third-party advisories to monitor full compliance to the environmental laws and regulations and correct any non-compliance issues that may occur.

[3] Beck, Michael and Lange, Glenn-Marie, "Mighty Mangroves of the Philippines: Valuing Wetland Benefits for Risk Reduction & Conservation," September 5, 2017, https://blogs.worldbank.org/eastasiapacific/mighty-mangroves-of-the-hilippines-valuing-wetland-enefits-for-risk-reduction-conservation

BEYOND EXPECTATIONS

SOCIAL DEVELOPMENT

We engage and invest in our people, customers and communities

PILLAR 4: PEOPLE

EMPOWERING OUR PEOPLE

GRI 401 GRI 402 GRI 403 GRI 405

GRI 408 GRI 409 GRI 410 GRI 412

EMPLOYEE DIVERSITY HIGHLIGHTS:

572
total number of employees

11:9
female to male ratio

5%
attrition rate

P0.880 Million
Seminars and trainings

1.63 Million
employee engagement activities
5% increase vs 2020

5,946 hours
Total training hours

10.4 hours/ employee
Average training hours

Our fourth pillar highlights our dedication to engaging and investing in our people, customers, and communities. Customer-centricity is among our core values, which is reflected in our efforts to prioritize their needs and comfort. We are also community-focused, as we invest in the growth and development of our communities. These initiatives all contribute to our social and relationship capital – which builds our image as a trusted brand.

We recognize that our human capital is our most critical asset. As such, we continuously ensure our employees' well-being and that they are empowered through professional development opportunities.

Our human capital is an indispensable asset in our value creation process, contributing directly to financial, manufactured, and intellectual capital. The success of CLI depends on the skills, values, and experiences of our people. In order to develop this, we observe the best practices in ensuring their well-being and augmenting their growth as employees.

DECENT EMPLOYMENT AND EQUAL OPPORTUNITY

GRI 401 GRI 405

In 2021, we maintained a resilient workforce that allowed us to efficiently continue and expand our operations despite the pandemic. CLI's workforce increased by 20.2% and decreased attrition rate by 3.6% from 8.6% to 5.0% – directly providing employment to 572 individuals.

We aim to be inclusive in our hiring practices and to provide equal opportunities. We have an 11:9 female to male employee ratio Additionally, men and women are equally represented in our top management at 56% (five directors) and 44% (four directors), respectively. We hire qualified employees for all positions regardless of gender, age, and social class.

EMPLOYEE DATA

GRI 405

DISCLOSURE	2020	2021	% CHANGE
Total number of employees	476	572	20.2%
Female employees	*250*	*315*	*26.0%*
Male employees	*226*	*257*	*13.7%*
Attrition rate	8.6%	5%	-3.6%

EMPLOYEE HIRES AND TURNOVER

GRI 401-1

BY CATEGORY	TOTAL	GENDER	
		MALE	FEMALE
New Hires	**134**	**40**	**94**
Executives (AVP, VP, etc.)	2	1	1
Managers	14	6	8
Supervisors	16	10	6
Associate	102	23	79
Employee Turnover	**48**	**13**	**35**
Executives (AVP, VP, etc.)	1	0	1
Managers	4	2	2
Supervisors	8	2	6
Associate	35	9	26

We recognize the need to keep up with CLI's rapidly expanding business. Our employees are a crucial part of this expansion that we aim to improve our talent retention and employee engagement by showing that they are valued and by building up their competencies.

CLI retains and manages employees through competitive compensation. Our compensation consists of the monthly basic pay, fixed allowances (rice and meal), guaranteed bonus, 13th and 14th month pay, overtime pay, holiday pay, rest day premium, night shift premium, birthday cash gift, and an annual salary adjustment. We merit our employees' good work by also offering performance bonuses, effectively motivating our top performers and inspiring others to do the same.

Our benefits go above and beyond what is required, and are adjusted to our employees' needs. We offer additional benefits like housing assistance, retirement funds, aside from government-mandated benefits.

We have found it necessary to give particular attention to our employees' health, providing them with medical benefits such as improved HMO coverage, free vaccinations, COVID-19 tests, and medical drives. This is coupled with the option to work remotely in order to prevent the spread of COVID-19. Additionally, we continued to engage with our employees through virtual and hybrid engagements such as 'Coffee With The CEO' via Zoom, hybrid townhall meetings, and learning and work sessions.

CLI takes care of employees especially in times of need. In December 2021, Typhoon Odette devastated the Visayas and Mindanao islands and affected our employees and communities. Apart from providing emergency relief, we also offer salary loans to help our employees and their families recover from the disaster. We provided a Special Emergency Loan to repair severely damaged houses, payable in 12 months. In total, we distributed PhP 5.88 million to the 176 employees who availed of this program.

We will continue improving and adjusting our compensation and other benefits to ensure our employees' well-being.

EMPLOYEE BENEFITS	2020		2021	
	% OF FEMALE EMPLOYEES WHO AVAILED	% OF MALE EMPLOYEES WHO AVAILED	% OF FEMALE EMPLOYEES WHO AVAILED	% OF MALE EMPLOYEES WHO AVAILED
SSS	5.0%	6.0%	6.0%	5.8%
Pag-IBIG	13.0%	17.0%	10.3%	7.3%
Parental leaves	4.4%	3.9%	4.31%	2.83%
Vacation leaves	95.2%	85.8%	94.31%	90.20%
Sick leaves	92.4%	70.4%	90.21%	81.40%
Housing assistance (aside from Pag-IBIG	10.0%	10.0%	10.0%	10.0%
Retirement fund (aside from SSS)	0.4%	0.9%	0%	0%
Telecommuting	100% during the onset of the pandemic (based on agreed schedule)	100% during the onset of the pandemic (based on agreed schedule)	100% (during 2021 COVID-19 surge)	100% (during 2021 COVID-19 surge)
Flexible-working Hours	100%	100%	100%	100%
Rice Subsidy	100% (regular employees)	100% (regular employees)	100% (regular employees)	100% (regular employees)
Meal Allowance	100% (regular employees)	100% (regular employees)	100% (regular employees)	100% (regular employees)
Special Emergency Loan (Typhoon Odette) – 176 employees	NA	NA	26%	37%

WORKPLACE CONDITIONS

GRI 403 GRI 403-9

Our employees' health and safety is our top priority, especially amid the pandemic and other disasters such as Typhoon Odette.

We are cognizant of the inherent risks that come with construction and development. An occupational health and safety programs are in place that covers our employees and extends to indirect hires such as our contractors and property managers. Regular trainings are held for key personnel, workers in construction sites, and security personnel in managed properties. We also routinely assess the sites to ensure compliance to our standards.

We conducted 135 safety trainings had 14,788,395 safe man-hours, and had zero lost time accidents (LTA) in our construction sites. We had five cases of workplace-related injuries, which were quickly and appropriately addressed by our contractors. In our corporate offices, we recovered 44 cases of illnesses or fever for the whole year. In these cases, our employees were able to avail of their benefits such as paid sick leaves. Our practices on COVID-19 prevention also proved to be effective, considering that we were able to limit the number of cases throughout the year despite local surges.

HEALTH AND SAFETY IN CONSTRUCTION SITES AND CORPORATE OFFICES

14,788,395 hours
Safe Man-Hours

5
No.of LTI

135
No. of safety trainings

P15.4 Million
Health and well-being investments
261% increase vs 2020

2,370 vaccines
administed to employees (direct and indirect hires) and their dependents

Flexible work arrangement

Daily shuttle service for commuting employees
to reduce exposure to COVID-19

Daily provision of disinfectants and regular disinfection in workspaces and common areas

The COVID-19 pandemic and Typhoon Odette were the most significant risks encountered in 2021. While these may have affected our rapid growth, CLI remained as the leading real estate developer in the VisMin area. We achieved this through our culture of promoting health and safety, and our attentiveness to our stakeholders' needs.

The pandemic posed the risk of viral exposure and spread in the workplace – operating safely and efficiently was a challenge. We reverted to flexible work arrangements following government protocols, having workspaces on limited capacity. We continued to organize employee engagement activities with a more balanced approach through online and 'bubble' activities, with fewer people in a group at a given time.

Typhoon Odette caused fuel scarcity, power outage, connectivity issues, limited mobility, challenges in the households, manpower shortage, closure of establishments due to physical damage, and problems on food supply.

In the future, we aim to continue ensuring the health and safety of our workers and employees.

LABOR MANAGEMENT AND LAWS, HUMAN RIGHTS

GRI 402 | GRI 408 | GRI 409 | GRI 410 | GRI 412

We protect the rights and safety of our employees through our company policies and the work culture that we promote, which are part of our efforts in empowering and safeguarding their well-being. Apart from affecting their well-being, a compromise in our employees' rights as laborers impacts our employee retention and engagement, and our overall ability to create value for society. We aim to build the same culture of health, safety, and respect within and outside the organization.

We rolled out the CLI Handbook on Employee Discipline and the Code of Business Conduct and Ethical Standards which can be accessed here. These contain policies that ensure fair and consistent treatment of our people, outlining them such that it is easily understood by the employees.

CLI guarantees full respect for human rights and upholds the dignity of employees. We comply with the Labor Code requirements and go beyond providing the standard benefits mandated by the government. Among the policies that relate to human rights explicitly cited in the employee handbook are the zero tolerance of all forms of workplace harrassment such as sexual harassment and acts of lasciviousness. We also make sure that our partners, suppliers, and contractors follow the labor laws and regulations we uphold.

In 2021, we conducted more than 50 consultations conducted with employees concerning employee-related policies. Although, we have created an environment such that we maintain open communication with our employees.

While not detailed in our code of conduct, CLI does not tolerate child labor and forced labor in the workplace. We have not had any legal actions or documented cases regarding this, and we strive to improve our business processes and procedures so that we maintain as a forced labor- and child labor-free company.

We will continue upholding and promoting decent and ethical labor in the workplace, and cascade compliance with labor laws and regulations to our partners, suppliers, and contractors.

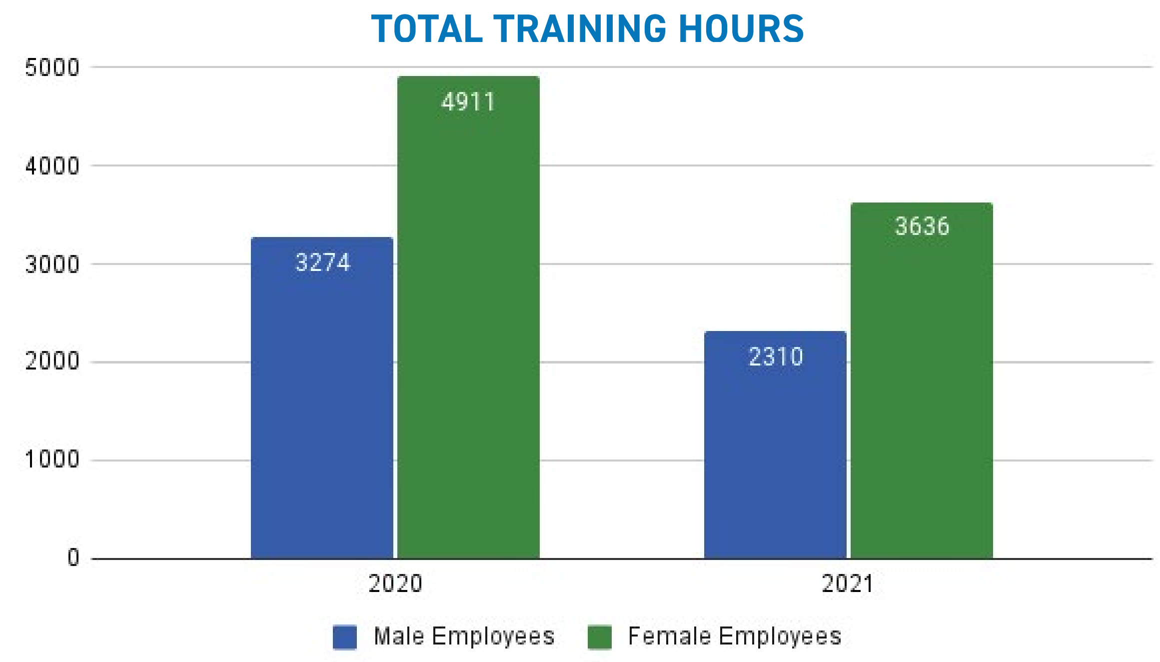
HUMAN CAPITAL DEVELOPMENT

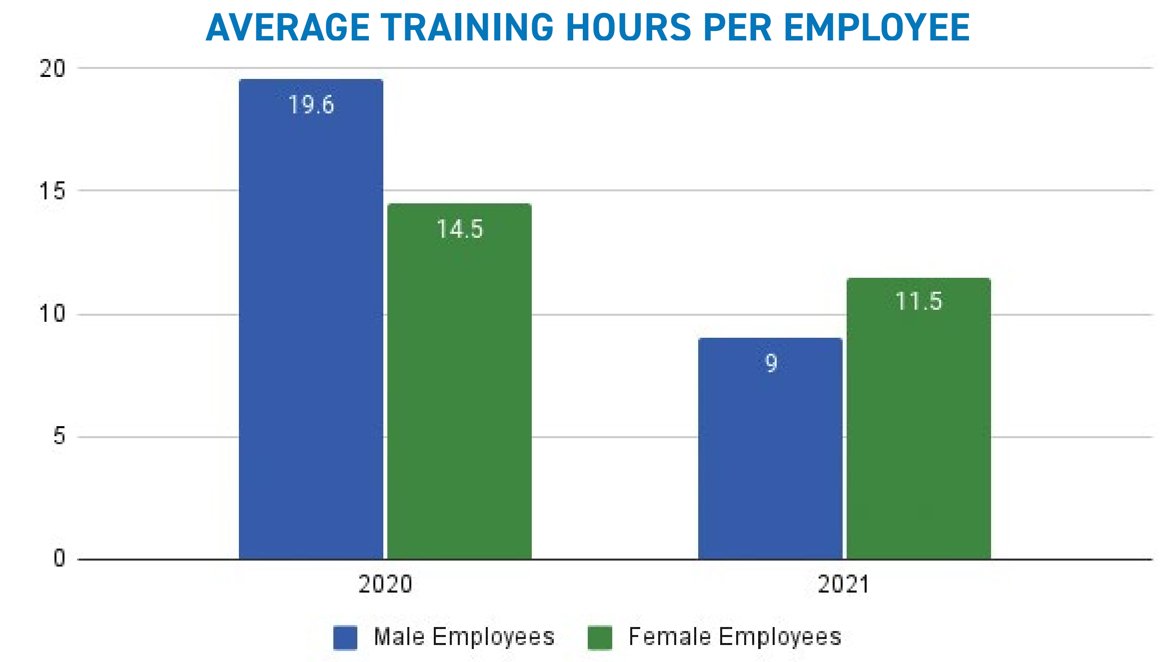
GRI 404

Part of our efforts to empower employees is contributing to their professional growth and equipping them with skills and knowledge that will enable them to advance their careers. This year, we provided 5,946 hours of training, which is about 27% less hours compared to the year prior. The reduced training hours was due to the focus on developing the Behavioral Competencies that would upgrade our competency-based training offerings by 2022.

EMPLOYEE TRAINING HOURS

GRI 404





Based on the total and average hours, our female employees participated in more training compared to their male counterparts since [provide context]. Despite this, we ensure that our employees experience the same opportunities in acquiring knowledge and honing the skills they need for their development. As this benefits our employees, human capital development is also advantageous for CLI as it allows us to meet the needs of our rapidly expanding business. Improving our employees' competencies allows us to better cater to our customers, clients, and better service our communities.

We believe sustainability should be part of advancing as professionals. Moving forward, we aim to embed sustainability into our culture and instill this framework into our employees – capacitating them with the ability to identify the sustainable features of CLI properties and products beyond the traditional sales pitch, interconnect human behavior with environmental, social and economic impacts, and recognize corporate sustainability initiatives that contribute to global sustainable development goals.

ENHANCING CUSTOMER EXPERIENCE

GRI 416 GRI 417 GRI 418

We pride ourselves on our VisMin expertise. Our local knowledge and proficiency allow us to strategically select prime locations and accommodate the demand and needs of our customers while providing for the development of host communities. This entails CLI to sell projects at higher velocity, turn-over quickly on our developments, and move swiftly from pre-selling to construction and delivery. Our optimal market acceptance is known to the 1,785 real estate brokers and 11,000 sales agents across the VisMin regions who continuously support us and engage with us.

The experiences of our customers and their satisfaction are highly valuable, and their feedback directly impacts our business. This reflects our ability to deliver as a company, particularly in terms of the customer's reservation of units, monthly equity payments, prompt construction updates, smooth take-out and turn-over to property management.

In 2021, the pandemic and Typhoon Odette caused delays in payments and cancellations of units reserved (for sale or lease) in our areas of operation. Organizational inefficiencies like these can result in customer dissatisfaction, affecting overall how our customers trust our services and brand. Despite these challenges, we were able to address our customers' needs.

We resolved these issues by stretching equity installment terms. We granted payment deferrals and grace periods to buyers on their equity installments. Zero penalties were charged on delayed payments until mid-year. We also enhanced in terms of digitalization and innovation to strengthen our relationship with our network of brokers and sellers by meeting their needs more efficiently. These helped us continue and expand our business while navigating through the pandemic.

These are the online services we currently offer:

- Buy-A-Home microsite to provide sales partners quick access to new project inventories and promotions;
- Masters Portal application for homeowners to track their payment status, get CLI construction updates and promos; and
- CLIO, a Facebook chatbot for 24/7 response to general inquiries.
- Online Reservation Process
- CLI Elite Circle: Buyers' Rewards & Loyalty Program
- Online Homefest
- Flagship Sales Office opening and new features: Digital/Queuing System, Ticketing General Queries, Counter, Interactive screens
- Virtual Project Launches and hybrid events like topping off and groundbreaking
- Virtual Turn-Over Experience
- Dedicated Hotline and Email Addresses

We value advertisements through word of mouth and first-hand experience by brokers, agents, and return customers. CLI is currently developing a system to determine customer satisfaction and continually enhancing feedback management programs to gather, measure and use data in the company's value creation process.

While no customer surveys were conducted within the year, their continuous patronage attests to their satisfaction. We aim to continue connecting with customers openly, and going above and beyond in ensuring their satisfaction.

MARKETING AND LABELLING

GRI 417

Our strategic marketing and branding allow us to succeed in the increasingly competitive real estate industry particularly residential sales and commercial operations. Customers have begun to look for businesses that stand out, whether through a powerful online presence, good brand recognition, mobile apps, and/or online events that they can conveniently substitute face-to-face activities. We advertise our products through a multi-channel approach that involves billboards, LED screens, brochures, radio advertisements, social and digital media marketing, and other available means.

In particular, product advertising using digital media channels have become increasingly important with the accelerating digitalization. As we focus on this, we recognize the various risks that come with it. This includes third-party claims for intellectual property infringement and the advertising space vis a vis other content; and advertising our products on social media that may appear next to or with inappropriate content, negatively affecting our brand value. To an extent, these present business risk, data security and legal risk, and reputational risk.

In light of all these risks, we ensure that our advertising and branding campaigns comply with existing laws and regulations of government regulatory agencies such as Department of Trade and Industry (DTI) and Ads Standards Committee (ASC) for all ads and promotions that are accessible to the general public outside the company's facilities. Throughout the years, we have attracted a sizable number of customers, and have received no substantiated complaints on our marketing.

CUSTOMER PRIVACY, DATA SECURITY

GRI 418

CLI ensures that our customers' data and information are protected. Only duly authorized personnel can access customer personal information that are logged in CLI's database such as names, addresses, contact information, signature, and other details that we collected in the course of our transactions with them. Our efforts so far have proven to be effective, with zero data breaches detected and no substantiated complaints on customer privacy reported.

However, cyber hacking is a risk that threatens our customers' data security. This may disrupt our operations and/or loss/theft of corporate information and/or personal identifiable information. To protect corporate and customer data, we implement a strong security policy in secured network protection throughout data management. This includes:

- Secured e-mail system
- 24x7 IT Service Desk that also monitors all our network, systems and applications
- CLI network firewall protection

There is still room for improvement in our data management system. CLI continues to assess our customer experience journey and review our policies and programs to enhance brand loyalty and maximize profitability. We are now incorporating data privacy as a key principle in all our programs, projects, procedures, measures, software and technologies.

CUSTOMER HEALTH AND SAFETY

GRI 416

CLI prioritizes the customers' health and safety, particularly when they are in our premises or at the project sites or managed properties. We have received no substantiated complaints on the health and safety of our projects, which attests to all our efforts.

Our property management team spearheads the additional sanitation and safety measures we enforced in all operating projects. Furthermore, we ensure that our properties do not pose any risk to health and safety to our stakeholders, from the design process to construction and operations.

CLI is committed to meet the highest building standards to be resilient to any structural threats Hence, risk assessments in our premises are periodically conducted, albeit accidents out of our control may still happen within our premises, projects, and facilities.

COMMUNITY ENGAGEMENT

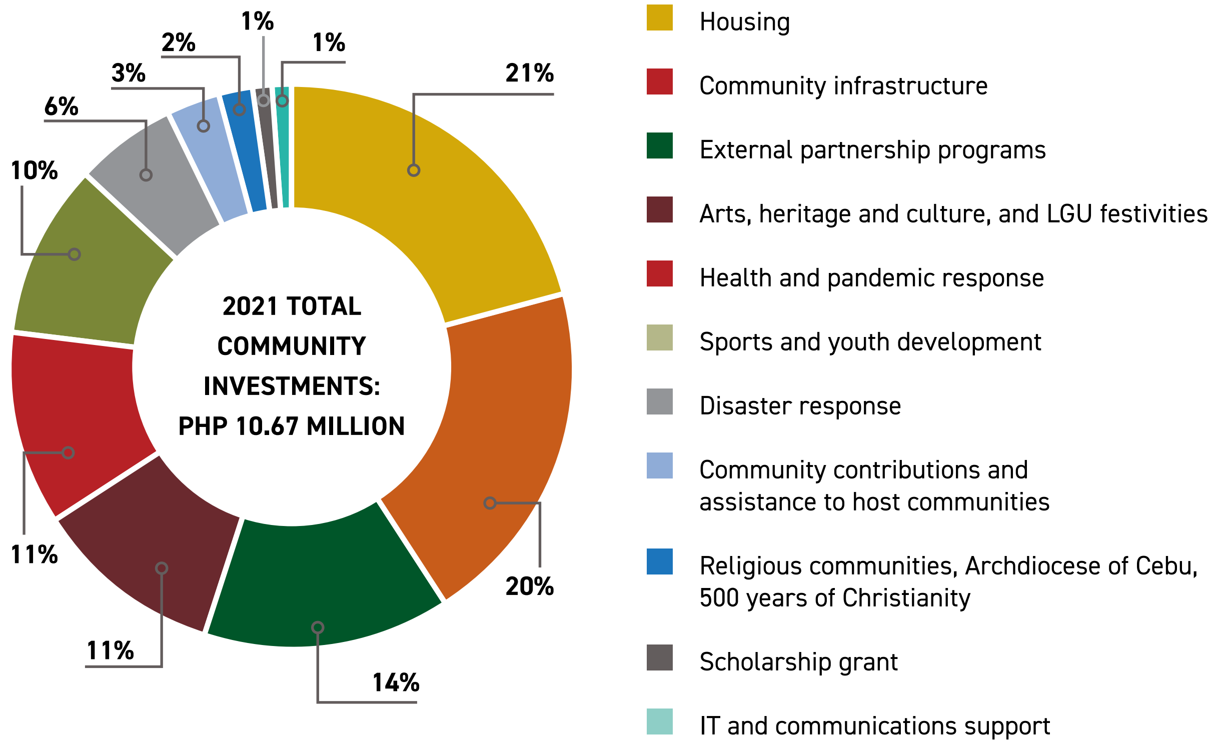
GRI 413

CLI already contributes greatly to local economies and communities through regular operations across the 21 cities and municipalities and 48 barangays across the Visayas and Mindanao regions where we are present. We source mostly from local suppliers, wherein 70% of our total spending is in the VisMin areas and 74% of our suppliers being from key cities in the region. We have generated jobs for over 12,000 people from direct and indirect hires, and other employment supported through our developments' office and retail space leasing. Once we complete our ongoing projects, we expect to support hundreds of thousands more livelihoods.

To further our efforts in advancing community development, we extend assistance through different programs that contribute to livelihood generation, infrastructure, decent and affordable housing, access to other opportunities, and disaster response. In 2021, CLI allotted Php10.67 million for community investments.

2021 TOTAL COMMUNITY INVESTMENTS:

PHP 10.67 MILLION



We conducted public consultations and Information, Education and Communication (IEC) programs, community needs assessment and engagement in the vulnerable sector, and extended our partnership for infrastructures that will benefit the vulnerable residents of our partner communities. We have remained steadfast in our pandemic and disaster response while honoring the achievements of a national athlete.

In the Municipality of Minglanilla, we conducted barangay consultations with various sectors such as the women's organizations, fisherfolks' associations, and municipal government and barangay workers of Brgys. Calajoan, Tungkil, Tungkop and Tulay to discuss the construction of CLI's techno hub project. As our partner communities, we aim to involve them in the planning of different project development and construction opportunities for the residents once the project takes place.

Moreover, we partnered with Mandaue City to plan for a socialized housing building for informal settler families whose homes were devastated by a major fire incident in 2019 in Brgy. Tipolo, Mandaue City. Plans were also being done for another socialized housing project in Brgy. Bankal, Lapu-Lapu City in partnership with the Justice Peace and Integrity of Creation, an Arnold Janssen/SVD organization supporting disadvantaged members of the community to provide shelter to the homeless whose livelihood depends on scavenging and collecting recyclables from dumpsites.

CLI CARES was launched in 2020 to primarily support employees and their families throughout the pandemic. We helped construct a quarantine facility in South Road Properties in support of the City Government of Cebu City in 2020. In 2021, we continued our COVID-19 response initiatives and provided PhP 1 million worth in allowances for nurses in COVID wards in six (6) partner hospitals in Cebu City. We also continued supporting our partner LGUs in the vaccination roll out.

Our commitment in building resilient communities is most apparent during calamities. This year, we focused on responding to the needs of host communities after the onslaught of Typhooon Odette while continuing our pandemic response. We provided food packs, water, roofing materials and solar lamps to over 4,000 families in 22 partner barangays in 5 cities and municipalities in Cebu Province. We also provided PhP 30 million assistance in roof repairs for more than 800 homeowners affected by the typhoon. Beyond this, we help communities recover through other programs that will contribute to long-term change.

We also celebrated silver medalist Carlo Paalam's extraordinary achievement at the Tokyo Olympics by granting him a PhP 3.6 million, 2-level, 3-bedroom house-and-lot unit in Velmiro Uptown CDO in Cagayan de Oro. Carlos Paalam, after all, lives in the city. This was the first house and lot that CLI has given to an individual who has brought honor to the country.

Through responsible planning and development, CLI has helped transform the local landscape and economy – allowing us to build lasting partnerships with our communities. Through our socialized housing projects, we can provide decent and affordable housing to hundreds of homeless and informal settler families. For instance, the medium rise building in Brgy. Lorega San Miguel that is expected to resettle 100 families living along creeks, rivers and other danger zones. Currently, our completed socialized housing projects include Villa Casita Balamban, Pinamalayan Socialized Housing, and Villa Casita North. We have also contributed public infrastructures such as access roads, drainage systems, public markets, and transport terminals.

Apart from built infrastructure, CLI provides livelihood and other opportunities to host and partner communities. We conduct social baseline studies in our host and neighboring communities to determine the existing services in the area and the locals' skills. Guided by information from our needs assessment, we plan to launch appropriate education-to-employment programs, disaster preparedness and response, environment and sanitation projects, and other activities that support the needs of localities.

While our efforts benefit people, CLI recognizes that property development and construction may impact local communities negatively. Our construction operations may impact biodiversity, cause noise pollution and air pollution through dust, result in issues with public access to areas, and cause locals to be displaced. As discussed previously, CLI manages these potential impacts by conducting baseline assessments prior to construction and engaging with stakeholders to ensure their well-being.

BEYOND COMPLIANCE

GOOD GOVERNANCE AND ETHICAL BUSINESS PRACTICE

We strive to achieve organizational efficiency and uphold good corporate governance

PILLAR 5: PROCESS/PRACTICE

THE BOARD OF DIRECTORS

1
JOSE R. SOBERANO III
Chairman of the Board, President and Chief Executive Officer (CEO)

2
MA. ROSARIO B. SOBERANO
Director, Executive Vice President and Treasurer

3
JOSE FRANCO B. SOBERANO
Director, Executive Vice President and Chief Operating Officer (COO)

4
JOANNA MARIE S. BERGUNDTHAL
Director, Senior Vice President for Marketing and HR and Asst. Treasurer

5
BEAUREGARD GRANT L. CHENG
Director and Chief Financial Officer (CFO)

6
ATTY. MA. JASMINE S. OPORTO
Independent Director

7
MA. AURORA D. GEOTINA-GARCIA
Independent Director

8
RUFINO LUIS T. MANOTOK
Lead Independent Director

9
STEPHEN A. TAN
Non-Executive Director

KEY EXECUTIVES

1
ENGR. PEDRITO A. CAPISTRANO, JR
Vice President for Engineering

2
ATTY. LARRI-NIL G. VELOSO
Vice President for Legal

3
CONNIE N. GUIEB
Vice President for Accounting

4
MARIE ROSE C. YULO
Vice President for Sales

5
JESSEL M. KABIGTING
Vice President for Operations

6
SYLVAN JOHN M. MONZON
Vice President for Business Development

7
MARK LEO M. CHANG
Vice President for External Affairs

8
MATHIAS BERGUNDTHAL
Director of Asset - CLI Hotels

9
RHODORA M. VICENCIO
Vice President for Property Management

10
ENGR. ANGEL LINUS R. YAP
Asst. Vice President for Engineering

11
JANELLA MAE B. SOBERANO
Asst. Vice President for Corporate Communications and Customer Relations

12
JULIETA R. CASTANOS
Asst. Vice President for Business Development

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

MARILOU PLANDO
Asst. Vice President for Risk Management

CORPORATE GOVERNANCE

CLI has always been committed to exemplary corporate governance and compliance. In 2021, we further asserted our commitment by establishing our ERM Framework, integration of sustainability practices, compliance with the recently adopted AMLC Law and Regulations for RE Developers, continued improvement of internal processes, creation of new policies, and enhanced existing governance policies.

Guided by our core vision and mission of being the most customer-centric and community-focused developer in the Philippines, we fervently responded to the needs of communities affected by Super Typhoon Odette when it hit Cebu.

CLI is fully committed to promoting exemplary corporate governance by employing the highest professional and ethical standards in conducting its business. In 2021, CLI sustained its concerted effort to further bolster its corporate governance, making it an extraordinary year, highlighted by the establishment of its ERM Framework, full integration of Sustainability Practices, dedicated compliance with the recently adopted AMLC Law and Regulations for RE Developers, and adoption of new and enhanced corporate governance policies.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Led by its Chief Risk Officer and with the guidance of the Board Risk Oversight Committee, CLI established and fully implemented its Enterprise Risk Management (ERM) Framework in 2021. CLI's ERM Framework is based on ISO 31000:2018, which aims to provide a foundation for effective planning, implementation, monitoring, review, and continued improvement of the organization's risk management. It establishes a methodology for the identification, assessment, and management of risk, responsibilities for risk management, accountabilities for good governance, and mechanisms to report risk-related information.

CLI's risk management process includes risk identification process wherein all significant risks are identified through workshops, brainstorming sessions, benchmarking, questionnaires, and interviews and meetings with various stakeholders. The risk classification and risk process mapping also provided guidance in determining CLI's top risks and establishing CLI's risk appetite. Risk analysis and risk evaluation of these top risks led to the identification of top ten risks which are priorities for treatment, monitoring and regular assessment for effectiveness of treatment plans are then conducted to assess what risks require treatment and in what order of priority.

In risk treatment, CLI identified its top ten risks and developed plans and approaches to address them, including risk mitigation processes, risk prevention measures and contingency plans. Risk monitoring, review and control are essential and ongoing components of the risk process and are continuously undertaken to detect any changes in the internal or external context including the identification of emerging risks.

ERM is closely coordinated with CLIs Internal Audit for the assessment of risk treatment effectiveness, deviations of the planned mitigations and new treatments applied to further enhance the intended outcome of the risk treatment and options, and assess if an identified risk has changed and requires escalation, or is no longer valid and can be archived. The risk reviews are both self-initiated and/or undertaken by independent assessors. Active risks continue to be standing items on business units, departmental, corporate, committee and board meeting agendas.

To ensure that adequate risk management competency levels are achieved and maintained, CLI continuously pursues regular training of new tenured and new employees to achieve our long term goal of a risk-aware culture. CLI involves everyone in the risk management process and its application in the organization. The ERM Framework applies to all CLI personnel and areas of its business including its extended network such as contractors, suppliers, third-party service providers, sellers and brokers, and JV partners. CLI has had a long ERM journey, but 2021 ultimately proved to be the year that finally institutionalized its ERM program – cementing the Company's robust and ethical culture of excellence and corporate governance.

SUSTAINABILITY REPORTING

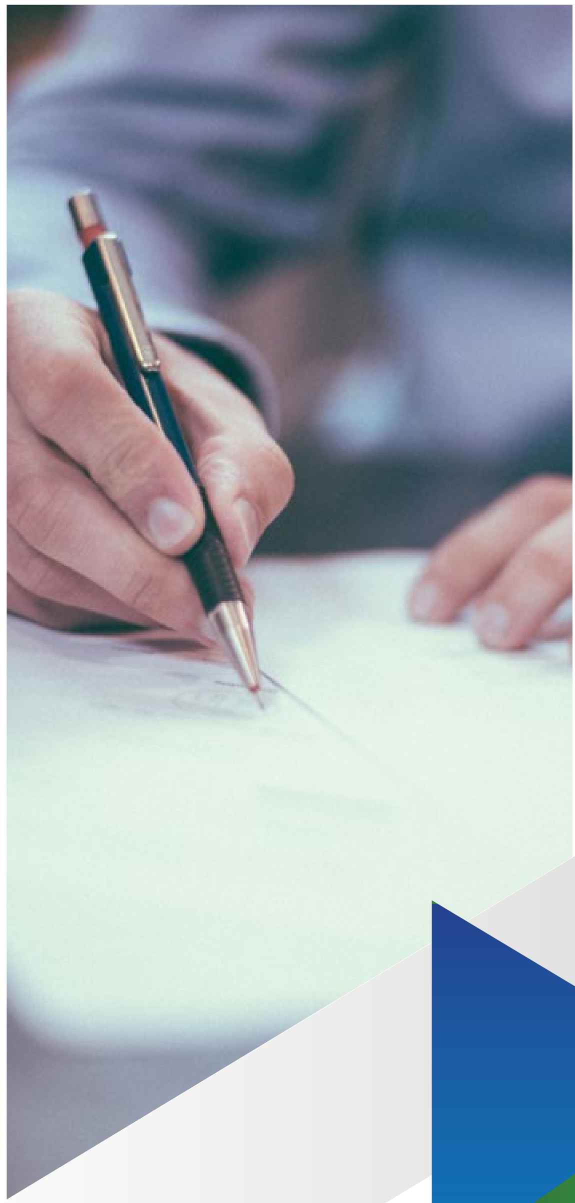
This year is a milestone for CLI's sustainability goals. With the hiring of a Sustainability Manager and guided by the Board Corporate Governance Committee, the Company developed a strategy and structure to implement CLI's sustainability initiatives. This 2021 report is the Company's first sustainability report in accordance with globally accepted systems and standards for sustainability and corporate disclosure. Specifically, this report complies with the GRI framework and the International <IR> Framework for Integrated Reporting.

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

ANTI-MONEY LAUNDERING COMPLIANCE

Amending RA 9160 (Anti-Money Laundering Act of 2001), the implementation of RA 11521 includes real estate developers as covered persons for Anti-Money Laundering (AML) purposes. This legal and regulatory development produced extensive new compliance requirements for real estate developers, including registration with the Anti-Money Laundering Council (AMLC), compliance with its issuances and regulations, and submission of necessary documentary requirements such as digitization reports and covered and suspicious transactions reports.

Through diligent effort, CLI and 18 other real estate developers within the larger CLI Group of Companies successfully registered with AMLC. With the guidance and supervision of the Board Corporate Governance Committee, CLI passed and approved its Anti-Money Laundering and Terrorist Financing Prevention policy and programs in 2021. This is geared towards the promotion of high ethical standards, observance of good corporate governance specifically in matters of AML and counter-terrorism financing (CTF), and with the objective of preventing and shielding CLI from being used, intentionally or unintentionally, for money laundering and/or terrorist financing.



BOARD PERFORMANCE AND I-ACGR ASSESSMENT

With the goal of further improving its evaluation system, CLI rolled out its digitalized Board and Committee assessment forms in 2021. The duly accomplished assessment forms were then reviewed, verified, and tabulated by the Office of the Compliance Officer. A summary of the results of the assessments, including the various performance ratings and comments of directors and committee members, were presented and discussed during the respective Corporate Governance Committee and Board meetings.

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

In 2021, CLI rolled out and cascaded various policies and programs to employees aimed at promoting awareness, understanding, and implementation of CLI's good corporate governance practices. This is highlighted in CLI's updated Handbook on Employee Discipline, CLI Executives and Company Travel Policy, Transfer Pricing Policy, Anti-Money Laundering and Terrorist Financing Prevention policy and program, updated Executive Committee Charter and Limits of Authority, Policy on New Investments, Shareholder Advances, Capital Infusions, and Management Services, among others.

CLI recognizes and understands that good corporate governance is essential to sound strategic business management and sustainable growth and development. The Company fully commits and continues to bolster and enhance its corporate governance, not only through its continued and consistent compliance with laws, rules, regulations, and corporate best practices, but also by improving and strengthening its internal controls, risk management, investor and other stakeholder relations, checks and balances, policies and procedures.

As a result of its continued efforts and improvements in the area of corporate governance, CLI received the Special Environment, Social and Governance (ESG) Recognition during the 9th PropertyGuru Philippines Property Awards held on 11 November 2021.

BOARD OF DIRECTORS

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

The Board oversees the development, review, and approval of CLI's business objectives and strategies. The Board also oversees and monitors the implementation of these business objectives and strategies. The Board reviews business objectives and strategies every board meeting. It is aided by a Management Team that prepares relevant information and reports concerning the business operations and financial condition of the company. Together, the Board and Management Committee conducted its 2022 Strategic Planning sessions on October 01-02, 2021 with the theme "Moving Forward & Onward".

BOARD DIVERSITY

To avoid groupthink and ensure that optimal decision-making is achieved, CLI observes a board diversity policy that encompasses gender, age, ethnicity, culture, skills, competence, and knowledge. The CLI Board is composed of highly respected top executives and seasoned real estate professionals with diverse skills, competence, and expertise in the fields of economics, accounting, finance, management, business administration, marketing, communication, manufacturing and management engineering, agricultural economics, legal, and landscape architecture, among other academic disciplines and fields of endeavor. Moreover, the Board has an appropriate mix of youth and experience with ages ranging from 34 to 71.

CLI's Policy on Diversity has been achieved and met as evidenced by the Board's composition of nearly majority number of female directors (i.e., four out of the nine directors), an optimal mix of youth and experience, and all of whom have diversified skills, culture, ethnicity, competence and knowledge.

CORPORATE GOVERNANCE TRAINING

CLI provides in its Board Charter and Manual on Corporate Governance a policy on training for directors. All first-time directors are required to attend and complete CLI's orientation program, while all other directors are required to attend annual corporate governance training. In compliance with best practices, CLI requires directors to meet minimum hours of corporate governance seminars conducted by SEC-accredited institutional providers, i.e., at least eight (8) hours for first-time directors, and four (4) hours per annum for the annual continuing training of all other directors. The Compliance Officer monitors the directors' compliance with this training policy.

For FY2021, all members of the CLI Board attended the requisite training and seminars and were accordingly certified as compliant by the Compliance Officer (see summary table for the listing of the FY2021 corporate governance and training attended by CLI directors and key officers).

EXECUTIVE AND BOARD REMUNERATION

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

CLI grants remuneration to its executive directors and senior executives based on performance, i.e., individual performance, and collective performance of their respective groups or departments, which are pursuant to identified key deliverables and other performance indicators aligned with its long-term interest and objectives.

As of fiscal year ending 31 December 2021, the remuneration of Board members and key officers had been overseen by the Board Corporate Governance Committee. However, starting 2022, this will be devolved to the newly created Compensation and Benefits Committee. The Compensation and Benefits Committee was formally organized and constituted on 21 March 2022.

CONFLICT OF INTEREST

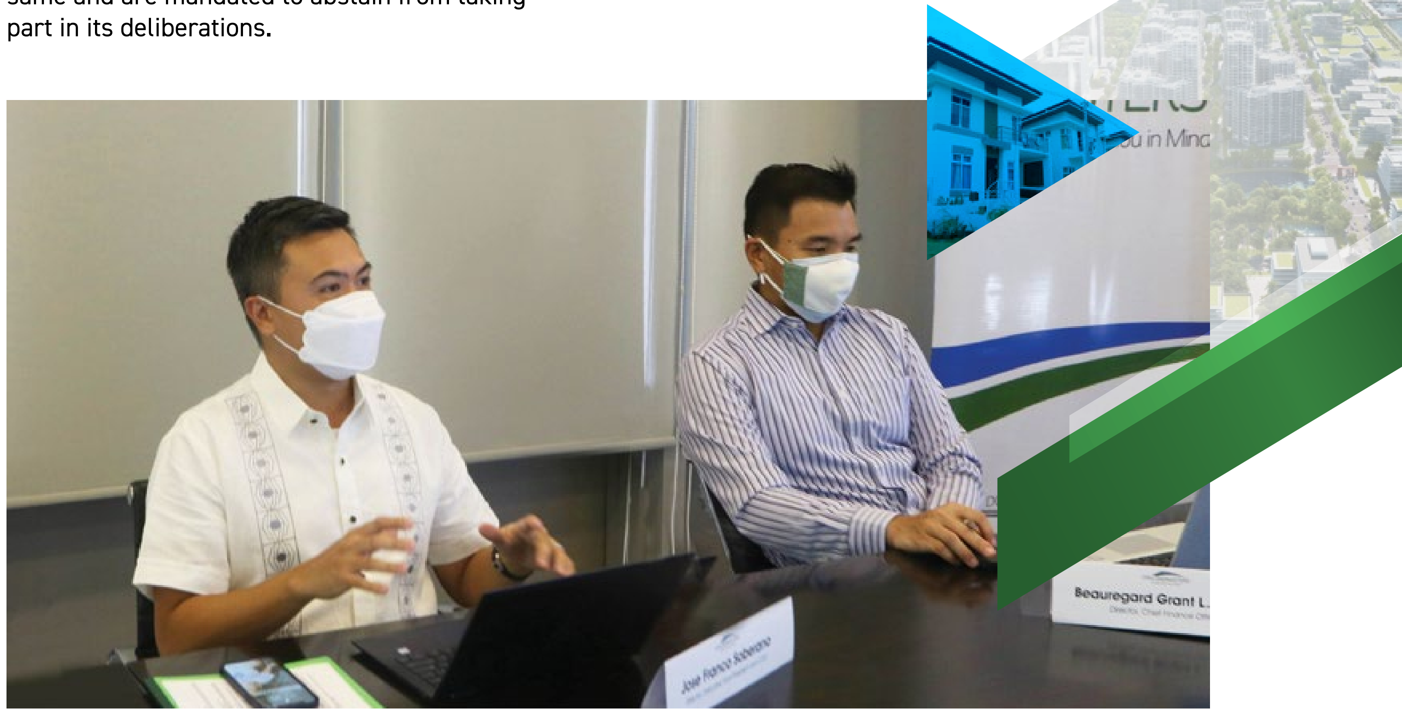
In compliance with the provisions of CLI's Manual on Corporate Governance and Board Charter, directors with material interest in a transaction affecting the company and in other conflict of interest situations (actual or potential) are required to fully and immediately disclose the same and are mandated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

It is a fundamental principle in CLI that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He is mandated to avoid situations that may compromise his impartiality. For FY2021, there was no transaction where a CLI director had a material interest affecting the company and/or otherwise any conflict of interest (actual or potential).

CLI directors are also mandated to notify the Board before accepting a directorship in another company. CLI does not have any executive director who serves more than two boards of listed companies outside the CLI Group.

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

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



ELECTION AND COMPOSITION OF CLI BOARD

The following directors were elected during the 2021 annual stockholders meeting held on 27 May 2021:

JOSE R. SOBERANO III
Age: 66
Position: Chairman of the Board, President and CEO
Citizenship: Filipino

MA. ROSARIO B. SOBERANO
Age: 64
Position: Director, Executive Vice President and Treasurer
Citizenship: Filipino

JOSE FRANCO B. SOBERANO
Age: 36
Position: Director, Executive Vice President and COO
Citizenship: Filipino

BEAUREGARD GRANT L. CHENG
Age: 40
Position: Director and CFO
Citizenship: Filipino

JOANNA MARIE S. BERGUNDTHAL
Age: 34
Position: Director, Senior Vice President for HR and Marketing and Asst. Treasurer
Citizenship: Filipino

RUFINO LUIS T. MANOTOK
Age: 71
Position: Lead Independent Director
Citizenship: Filipino

ATTY. MA. JASMINE S. OPORTO
Age: 62
Position: Independent Director
Citizenship: Filipino

MA. AURORA D. GEOTINA-GARCIA
Age: 69
Position: Independent Director
Citizenship: Filipino

STEPHEN A. TAN
Age: 65
Position: Non-Executive Director
Citizenship: Filipino

In compliance with the requirements of the SRC and SEC's CG Code for PLCs, the Board of Directors is composed of three (3) independent directors, who constitute one-third of CLI's board membership. CLI's independent directors are Mr. Rufino Luis T. Manotok, Ms. Ma. Aurora D. Geotina-Garcia, and Atty. Ma. Jasmine S. Oporto.

The CLI Board also re-elected Mr. Rufino Luis T. Manotok as its Lead Independent Director, a highly respected executive in the business community who has held several key positions in the largest conglomerates and companies in the Philippines. He is currently an Independent Director of First Metro Investment Corporation and a member of the Board of Directors of Manila Doctors Hospital. He was the Chairman and President of Ayala Automotive Holdings Corporation from 2009 to 2012. From 2007 to 2009, he was Ayala Corporation's Senior Managing Director, Chief Financial Officer and Chief Information Officer. He was also Managing Director, heading the Strategic Planning Group of Ayala Corporation from 1998 to 2006. He finished the Advanced Management Program of Harvard Business School in 1994. He earned his Master of Business Management degree from the Asian Institute of Management in 1973, and Bachelor of Arts, major in Economics from Ateneo de Manila University in 1971.

CLI's independent directors possess all the qualifications and none of the disqualifications to hold such positions. The independent directors do not hold interests or relationships that may hinder their independence from the company or its management, or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. CLI's independent directors had perfect attendance in all of their respective Board and Committee meetings in 2021 (see summary table below for the listing of the FY2021 board and committee meetings).

Pursuant to CLI's CG Manual and policy on setting limit of Board seats, non-executive directors, including independent directors, can only concurrently serve up to a maximum of five (5) publicly-listed companies. As of the calendar year ending 31 December 2021, all non-executive directors of CLI are compliant with the limit on board directorships. None of the CLI directors (executive or non-executive) holds directorships in five (5) or more publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge management's proposals and views, and oversee the long-term strategy of CLI.

CLI BOARD COMMITTEES

The CLI Board has fully engaged and functioning Board committees that support in the effective performance of its functions. As of 2021, CLI's principal Board Committees consist of the Audit Committee, Corporate Governance Committee, Related-Party Transaction Committee, Risk Oversight Committee, and Nomination Committee.

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

AUDIT COMMITTEE

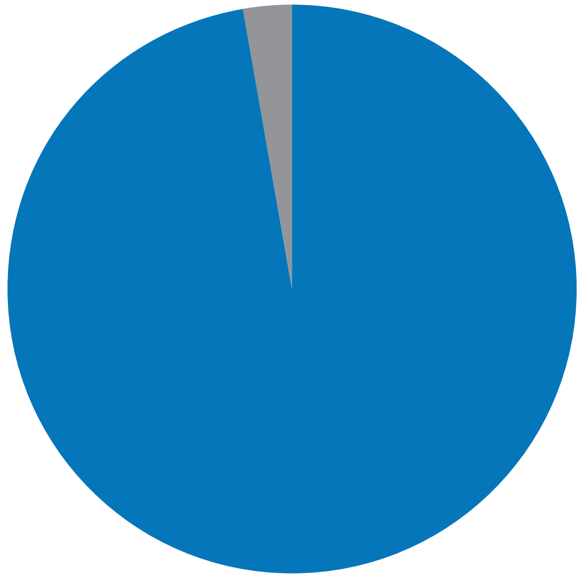
The Audit Committee assists the Board in the performance and fulfillment of its oversight responsibility over CLI's financial reporting process, system of internal control, internal and external audit processes, and monitoring of compliance with applicable laws, rules, and regulations. The Audit Committee oversees the internal audit team's work and is primarily responsible in recommending the appointment and removal of CLI's external auditor using a robust process for approving and recommending its appointment, reappointment, removal, and fees. The process includes the review and recommendation by the Audit Committee, review and approval of the CLI Board, and further approval and ratification by the CLI shareholders. The Audit Committee also reviews the performance of the external auditor. Pursuant to CLI's Manual on Corporate Governance, the external auditor shall be rotated or changed or the signing partner of the external auditing firm assigned to CLI should be rotated or changed every five (5) years.

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

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

For FY2021, the non-audit services conducted by P&A pertain to tax services, specifically on the review of CLI's Information Return on Transactions with Related Party (BIR Form 1709). The scope of work involves consultancy, review, and guidance on the preparation and filing of BIR Form 1709 to the BIR, as attachment to the FY2020 Annual Income Tax Return. The non-audit fees of the aforementioned tax services amounted to PhP 69,000.00 (exclusive of 12% VAT).

The following is the summary breakdown of the audit and non-audit fees paid to P&A for FY2021 (exclusive of 12% VAT):



PhP 2,464,000.00
Audit and Audit Related Fees

PhP 69,000.00
Non-audit fees

PhP 2,533,000.00
Total

For the 2021-2022 term, the Audit Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. All the members of the Audit Committee have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing, and finance. Ma. Aurora D. Geotina-Garcia, the Chairperson of the Audit Committee, is not the Chairman or Chairperson of the CLI Board or of any other committee.

CORPORATE GOVERNANCE COMMITTEE

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

For the 2021-2022 term, the CG Committee is composed of four (4) non-executive directors, three of whom are independent directors. The Chairperson, Atty. Ma. Jasmine S. Oporto is also an independent director.

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

RISK OVERSIGHT COMMITTEE

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

For the 2021-2022 term, CLI's Risk Oversight Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. The members of the Risk Oversight Committee, who are all experienced executives and who have held various key positions in other PLCs, all have relevant thorough knowledge and experience on risk and risk management. The Chairperson of the Risk Oversight Committee, Atty. Ma. Jasmine S. Oporto is a certified Compliance & Risk Management Professional under the GRC Institute of Australia.

The Risk Oversight Committee is supported in its function by Chief Risk Officer (CRO), Marilou P. Plando, who has over 24 years of comprehensive experience and achievements in manufacturing, business process outsourcing (BPO), legal administration, risk management and retail operations. Prior to CLI, she was connected with Julie's Bakeshop Group as Operations Director. She was previously connected with Aboitiz Equity Ventures, Inc. for 7.5 years as Assistant Vice President (AVP) for Enterprise Risk Management and AVP for Legal Business operations.

RELATED-PARTY TRANSACTION COMMITTEE

The CLI Board has a fully functioning RPT Committee tasked with reviewing all material related-party transactions of CLI to ensure that these are conducted at arm's-length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances.
CLI's RPT Committee undertakes quarterly review and evaluation of CLI's related-party transactions. Management presents the various RPTs either for information (if not breaching the threshold) or for approval (if breaching the RPT thresholds), which are then endorsed for ratification and/or approval by the Board.

For the 2021-2022 term, CLI's RPT Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. Rufino Luis T. Manotok, the Chairperson of the CLI RPT Committee, is not the Chairman/Chairperson of the CLI Board or of any other committee.

NOMINATION COMMITTEE

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

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

For the 2021-2022 term, the Nomination Committee is composed of three (3) qualified directors, including the Lead Independent Director, Mr. Rufino Luis T. Manotok, as the Chairperson.

COMPLIANCE OFFICER

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

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

During its organizational meeting on 28 May 2021, the Board re-elected Atty. John Edmar G. Garde, CCO as CLI's Compliance Officer. In keeping with SEC Memorandum Circular No. 19, series of 2016 and pertinent issuances, Atty. Garde is not a member of the Board and is different from the Corporate Secretary. He is primarily liable to the Company and its shareholders, and not to its Chairman or President. Prior to joining CLI as Legal Counsel-Corporate Finance, Atty. Garde, 33, served as Manager/Director for Business Tax Services of SGV & Co./Ernst & Young-Philippines where he assisted domestic and multinational clients in various industries, including real estate, hospitality, business process outsourcing, manufacturing, semiconductor, export, and entities registered with Investment Promotion Agencies such as PEZA and BOI. His areas and fields of practice include taxation (tax advisory services; tax advocacy services; taxation law), investment promotions and incentives law, corporate law and services, and legal and corporate compliance. He graduated cum laude from the University of San Carlos (Bachelor of Science in Management Accounting) and received his law degree from the same university. Atty. Garde is also a Certified Compliance Officer (CCO), having garnered the highest rating and certificate of excellence during the 2021 Certification Course for Compliance Officers organized by the Center for Global Best Practices (CGBP). He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI. He attended various corporate governance training during FY2021.

CORPORATE SECRETARY

The CLI Board is assisted by a Corporate Secretary and an assistant, who are both separate individuals from the Compliance Officer. The Corporate Secretary and Assistant Corporate Secretary are not members of the CLI Board. Materials for Board and Committee meetings are distributed by the Secretariat to the directors and respective committee members prior to the meeting date. CLI uses the Diligent Board books which allows each director and committee member to access and review the meeting materials online through a secure portal.

During its organizational meeting on 28 May 2021, the Board re-elected Atty. Alan C. Fontanosa as CLI's Corporate Secretary. Atty. Fontanosa is the partner-in-charge and Cebu Branch Head of SyCip Salazar Hernandez & Gatmaitan. His areas of practice include industrial relations and labor litigation, civil and land cases, real estate transactions, corporate services, and special projects. He graduated magna cum laude from the University of San Carlos (A.B.) and received his law degree from the same university, cum laude. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

CLI's Assistant Corporate Secretary is Atty. Larri-Nil G. Veloso. Atty. Veloso is also CLI's Vice-President for Legal and has been leading CLI's legal team for more than eight (8) years. An experienced practitioner in Corporate Law, he holds a Bachelor of Arts in Mass Communication from the University of the Philippines and earned his Bachelor of Laws from the University of Southern Philippines Foundation. While finishing law school, Atty. Veloso worked for print and online newspapers, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to CLI, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and later promoted as its general manager. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

CLI's Corporate Secretary and Asst. Corporate Secretary both attended corporate governance training during FY2021.

DISCLOSURE AND TRANSPARENCY

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

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

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

CLI maintains a comprehensive and cost-efficient communication channel for disseminating relevant information. This includes the conduct of quarterly briefings for investors, analysts, and media by teleconference and/or videoconference or through actual face-to-face meetings. For FY2021, and considering the prevailing COVID-19 pandemic, all briefings were conducted via video conference. CLI regularly engages the media through press conferences, briefings, news releases, tours, and social events. CLI's CEO, COO, CFO, and/or other senior managers conduct meetings with institutional investors and analysts through pre-arranged seminars or conferences. CLI conducts regular investors, analysts and media tours to show the progress of its properties. CLI publishes regular e-newsletters to update analysts on its progress and performance. Annual, quarterly, and current reporting are uploaded to CLI's website and its PSE EDGE portal.

CLI discloses in its annual report (SEC Form 17-A) the ownership interests of its controlling shareholders and degree of ownership concentration. The CLI Group's map, detailing the cross holdings among company affiliates and showing the relationship between CLI and its related entities, is included as an attachment in the "Report of Independent Auditors to Accompany Supplemental Information Required by the SEC filed separately from the basic Consolidated Financial Statements". The aforementioned Report, including the CLI Group's map, are attached to the Annual Report (SEC Form 17-A). There are no imbalances between the controlling shareholders' voting power and overall equity position in CLI. Each holder of CLI shares is entitled to one (1) vote for every share in accordance with Section 7, Article III of CLI's By-laws, as amended.

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

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT FUNCTIONS

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

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

For FY2021, CLI's Head of the Internal Audit Department is the ex officio Chief Audit Executive in the person of Marjorie Jane C. Sistual. She has more than fifteen (15) years of internal audit experience. She previously worked in Waterfront Cebu City Hotel & Casino with five (5) chain of hotels in various parts of the Philippines, wherein she headed the Corporate Internal Audit Department (CIAD) and focused on fraud and compliance audit. She also joined Moore Stephens Ltd in Singapore for more than ten (10) years where she was involved in internal audit, consultancy, risk management and SOX engagements. She has experience in a wide range of industries including hotels, shipping, oil & gas, real estate, engineering, semiconductor, manufacturing, insurance, logistics, hospitals, non-profit organization, plantations & mill, trading & distribution and retailing. Prior to CLI, she worked in Agusan Plantations, Inc. and was involved in the internal audit of the four (4) operating units of palm oil plantations and mills, mainly for exporting of palm kernel oil and crude palm oil products.

The responsibilities of the Chief Audit Executive or the Internal Audit (IA) Head are contained and stipulated in the IA Charter.

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

WHISTLEBLOWING POLICY

CLI's whistle-blowing policy is in place to strengthen the internal feedback mechanism of the company, especially in reporting suspected fraud, unethical practices, and other improper activities. CLI's Whistle-Blowing Policy allows employees to have direct access to an independent member of the Board or to the designated Whistle-Blowing Officer appointed by the Board and Management.

CLI ensures the protection of all whistle-blowers from retaliation or retribution. Anyone who retaliates against a whistle-blower who reports an event in good faith is subjected to appropriate disciplinary action. The policy also allows a whistleblower to report anonymously. In all cases, the identity of the whistleblower, if known, shall remain confidential, unless the issue requires investigation by law enforcement and/or the revelation of his identity is absolutely necessary.

The CLI Board and Management have overall responsibility for the company's whistle-blowing policy.

CY2021 BOARD AND COMMITTEE MEMBERSHIP, MEETINGS, AND ATTENDANCE

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

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

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

The following is a summary of the Board and Committee membership, meetings and attendance for the calendar year 2021:

7 7 of 7 MEETINGS ATTENDED

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

6 6 of 6 MEETINGS ATTENDED

Audit Committee	Position
Ma. Aurora D. Geotina-Garcia	Chairperson
Rufino Luis T. Manotok	Member
Ma. Jasmine S. Oporto	Member
Stephen A. Tan	Member

4 4 of 4 MEETINGS ATTENDED

Corporate Governance Committee	Position
Ma. Jasmine S. Oporto	Chairperson
Rufino Luis T. Manotok	Member
Ma. Aurora D. Geotina-Garcia	Member
Stephen A. Tan	Member

4 4 of 4 MEETINGS ATTENDED

Risk Oversight Committee	Position
Ma. Jasmine S. Oporto	Chairperson
Rufino Luis T. Manotok	Member
Ma. Aurora D. Geotina-Garcia	Member
Stephen A. Tan	Member

4 4 of 4 MEETINGS ATTENDED

Related Party Transactions (RPT) Committee	Position
Rufino Luis T. Manotok	Chairperson
Ma. Jasmine S. Oporto	Member
Ma. Aurora D. Geotina-Garcia	Member
Stephen A. Tan	Member

1 1 of 1 MEETINGS ATTENDED

Nomination Committee	Position
Rufino Luis T. Manotok	Chairperson
Jose R. Soberano III	Member
Ma. Rosario B. Soberano	Member

2021 ATTENDANCE OF DIRECTORS AND KEY OFFICERS IN CORPORATE GOVERNANCE SEMINARS AND TRAINING

DIRECTORS AND KEY OFFICERS	SEMINAR / TRAINING	DATE	ORGANIZER
Rufino Luis T. Manotok	Annual Corporate Governance Training	05 March 2021	Institute of Corporate Directors
	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Corporate Governance and Leadership	20 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	The Philippines' FATF Journey: From Technical Compliance to Effectiveness	27 September 2021	Association of Bank Compliance Officers, Inc.
Ma. Aurora D. Geotina-Garcia	Risk Management in the Age of COVID-19	14 May 2021	Institute of Corporate Directors
	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	09 July 2021	Anti-Money Laundering Council
	Updates and Guidance on Sustainability Reporting for Philippine PLCs	18 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Corporate Governance and Leadership	20 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Human Capital and Work Environment	25 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative

DIRECTORS AND KEY OFFICERS	SEMINAR / TRAINING	DATE	ORGANIZER
Atty. Ma. Jasmine S. Oporto	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Updates and Guidance on Sustainability Reporting for Philippine PLCs	18 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Corporate Governance and Leadership	20 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Human Capital and Work Environment	25 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative
Stephen A. Tan	GRI Sustainability Strategy and Reporting	March 03-05, 2021	Institute of Corporate Directors
	Distinguished Corporate Governance Speaker Series	March 11, 18 & 25, 2021	Institute of Corporate Directors
	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Updates and Guidance on Sustainability Reporting for Philippine PLCs	18 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Corporate Governance and Leadership	20 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Human Capital and Work Environment	25 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative

DIRECTORS AND KEY OFFICERS	SEMINAR / TRAINING	DATE	ORGANIZER
Jose R. Soberano III	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative
Ma. Rosario B. Soberano	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Corporate Governance and Leadership	20 August 2021	Securities and Exchange Commission; Global Reporting Initiative
Jose Franco B. Soberano	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
Joanna Marie S. Bergundthal	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Corporate Governance and Leadership	20 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Human Capital and Work Environment	25 August 2021	Securities and Exchange Commission; Global Reporting Initiative
Beauregard Grant L. Cheng	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Updates and Guidance on Sustainability Reporting for Philippine PLCs	18 August 2021	Securities and Exchange Commission; Global Reporting Initiative
Atty. Alan C. Fontanosa (Corporate Secretary)	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council

DIRECTORS AND KEY OFFICERS	SEMINAR / TRAINING	DATE	ORGANIZER
Atty. Alan C. Fontanosa (Corporate Secretary)	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative
Atty. Larri-Nil G. Veloso (Asst. Corporate Secretary)	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	23 July 2021	Anti-Money Laundering Council
	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative
Atty. John Edmar G. Garde (Compliance Officer)	9-day Compliance Officer Certification Course	June 24-25, June 28-29, July 06, 09, 15, 19, and 27, 2021	Center for Global Best Practices
	Best Practices in Corporate Housekeeping	April 21-23, 2021	Center for Global Best Practices
	SEC Reportorial Requirements	19 March 2021	Securities and Exchange Commission
	CREATE in Focus: Salient Provisions of CREATE	23 February 2021	Cebu Chamber of Commerce and Industry; P&A Grant Thornton
	Thrive Amidst a BIR Audit: A Survival Guide	20 April 2021	SGV & Co.
	Anti-Money Laundering / Counter-Terrorism Financing Webinar for DNFBPs	08 March 2021	Anti-Money Laundering Council
	Updates and Guidance on Sustainability Reporting for Philippine PLCs	18 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Corporate Governance and Leadership	20 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Human Capital and Work Environment	25 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Environmental Impact Management	27 August 2021	Securities and Exchange Commission; Global Reporting Initiative
	Beneficial Ownership Transparency in the Philippines	30 September 2021	Securities and Exchange Commission

ENTERPRISE RISK MANAGEMENT

A JOURNEY TO A RISK-AWARE CULTURE

CLI views risk management as a critical component of its business operations at the strategic and tactical level. The directors and executives recognized that being better informed of and prepared for risk events would lead to more effective decision-making and value creation. CLI's Risk Management process was formalized in 2021 through the ISO 31000 framework. With the goal of involving everyone in the management of risks at all levels in the organization, CLI's risk management is described as Enterprise Risk Management (ERM). With ERM, every member of the CLI organization is encouraged and/or expected to anticipate and mitigate the risks in their area of responsibility. CLI's ERM scope also extends to the company's network of suppliers, contractors, communities and other stakeholders that contribute to the achievement of the organization's goals and objectives.

MANAGEMENT COMMITMENT TO RISK MANAGEMENT

Recognizing that risk management is a shared responsibility across the organization, CLI gathered the executives, department heads, and managers to a two-day risk management workshop in 2021 to kick off the Risk Aware Culture program. The activity emphasized that risk management should be woven into the normal routines, activities and behaviors of every member of the organization, from boardroom to basement. The two-day exercises sought to get the commitment and leadership of the management team of the risks in their respective areas, and collectively establish policies and procedures that embed risk management for the organization.

From the executive level Risk Aware Culture kick-off, a series of trainings were conducted to all supervisors and officers to ensure that risk management is applied at the operational or tactical level. This risk awareness is intended to encourage the integration and execution of policies and procedures in day to day activities while mindful that there are potential new risks that might negatively or positively impact their operations. The group is also expected to help cascade risk management to staff members to embrace the shared knowledge culture.

RISK GOVERNANCE

CLI entrusted the oversight of risk management to the Board of Directors through the Risk Oversight Committee. This Committee is led by an Independent Director who regularly reviews the risk management program and ensures the operationalization of CLI's risk management framework.

The Risk Management Head reports to the Committee all the activity updates of the approved risk management program as well as any proposal for improvement, implementation, and maintenance of the enterprise risk management roadmap. The Internal Audit Team supports the ERM Team by conducting regular assessment audits on the effectiveness of the risk mitigation measures identified by the risk owners and provides an independent view on the adequacy, effectiveness, and efficiency of the risk management process across the organization.

RISK MANAGEMENT STRATEGY

CLI has a three-year roadmap that demonstrates its goal of embedding a robust risk management process to support its fast paced, market driven business environment. To achieve organizational resilience, the roadmap covers three (3) important programs:

- **Develop a risk-aware culture.** CLI's Risk Management Team promotes the integration of risk management and quality management systems to allow teams to see where risks connect to their process and identify what those risks are. Continuous training and awareness programs are put in place to ensure that teams understand that processes at every level have a direct bearing on the organization's risk exposure. Building this mindset gives the organization an assurance that business processes are not siloed and risks are managed at the operational and enterprise level.

- **Establish business continuity.** With CLI's nature of business and the Philippines' unpredictable weather conditions, a business continuity plan is an important aspect to CLI's business operations. The Company takes people safety with utmost importance and plans for environmental and man-made events like earthquake, typhoons, and fire are set at the highest priority. Aside from these events, IT systems issues and cyber attacks are also in the company's radar as the Company manages voluminous information from its day to day transactions.

- **Implement Information Security Management System.** With the geographical expansion in Visayas and Mindanao and the growing reliance on digital technology to connect across different offices, customers and external networks, CLI recognizes the significant business impact of information security and cyber risk to the organization. It is for this reason that Information Security is identified as one of CLIs top ten risks and much focus on information security processes and technology innovations is given by the executives at present. Much has yet to be done for the protection measures on the organization's "crown jewels" and systems availability and understanding the ever-changing threat landscape for inevitable information security incidents. The teams involved are constantly keeping abreast of the latest developments in this area to ensure that relevant risks are identified, and mitigations are in place and monitored for effectiveness.

CLI'S RISK APPETITE DEFINITION

CLI's executives conducted an assessment on its existing risk appetite and fine-tuned the definitions of non-negotiable risks considering the Company's values, culture and objectives. The Board approved the recommended limits of each five major areas of risk – financial, operational, compliance, environmental and reputational. Each risk attached to the risk appetite is monitored and tracked, any potential breach is reported to the executives for further assessment and action. On a quarterly basis, the Risk Management Team reports to the Risk Oversight Committee for updates and other risk management activities.

RISK MANAGEMENT AND ORGANIZATIONAL RESILIENCE

Like any business, CLI went through a rigorous strategic-resilience test brought about by the COVID-19 pandemic. Guided by its core values of agility, integrity, leadership, commitment, collaboration, and customer first, the Company stepped up to the challenge and kept itself one step ahead by rapidly adapting its strategies to address the challenges, risks and the opportunities created by the crisis.

One of CLI's risk strategies was to adopt a business-model innovation that focuses on new digital experiences and services, this include virtual project launches, virtual tours, virtual Homefest, on-line reservation and online payments, virtual turnover among others in response to changes in customer behaviors and needs. This digital transformation also includes online meetings (in lieu of the traditional face to face meeting), acceleration of digitalization of reports and cross functional digital collaborations as a way to enhance business efficiency while protecting employees and continued service to customers, communities and extended networks.

CLI leaders understand that to be a resilient organization, breaking down communication barriers and siloes from department to department is crucial to building a risk-aware culture. With CLI ERM roadmap to a risk-aware organization, the Company endeavors to develop the mindset, provide the skillset and toolset to empower and equip each team member to recognize and act on anything perceived as risk or opportunity. CLI's goal is to institutionalize a proactive risk management approach at the operational and enterprise level to mitigate the risks that matter and seize the opportunities that generate more value to the organization.

APPENDICES

ENERGY CONSUMPTION

Scope and Percentage Breakdown:
Electricity consumption at Corporate/Satellite Offices and Showrooms, in kWh

	2019	2020	2021
Cebu Offices	268,707.00 (99.7%)	184,790.50 (71%)	321,683.50 (69%)
Davao Main – Paragon*	-	22,965.00 (9%)	33,044.60 (7%)
Davao Main – MesaTierra*	-	-	33,658.91 (7%)
38 Park Avenue Showroom	-	46,128.00 (18%)	59,406.00 (13%)
Dumaguete Satellite Office	732.30 (0.03%)	6,841.00 (3%)	9,394.98 (2%)
Ormoc Satellite Office	n/a	-	4,761.00 (1%)
Bohol Sales Office	n/a	Not recorded	5,026.00 (1%)

*Estimated using annualized figures
Data from Iloilo, Bacolod offices not recorded
Data from CDO office covered under MesaVerte

Scope and Breakdown: Fuel and electricity consumption in managed properties

MANAGED PROPERTIES	FUEL CONSUMPTION, IN L	POWER CONSUMPTION, IN KWH	
	FOR GENERATOR SETS	LEASED AREAS	COMMON AREAS
1. Base Line Center	38,875.00	1,605,946.25	723,894.75
2. Park Centrale	18,002.00	1,462,583.80	248,669.20
3. Latitude Corporate Center***	10,350.28	79,891.18	207,628.82
4. Asia Premier Residences	9,952.00	n/a	58,776.00
5. Base Line Residences	480.00	344,732.00	85,348.00
6. Midori Residences	6,674.00	404,342.95	118,521.05
7. Mivesa Garden Residences***	23,574.46	1,339,928.40	272,628.03
8. Casa Mira Towers Labangon	5,816.46	800,187.12	286,096.51
9. MesaVerte Residences	2,000.00	181,728.67	247,896.33
10. MesaTierra Garden Residences***	200.00	4,775.52	115,117.08
11. Villa Casita Bogo****	0	n/a	2,944.00
12. Villa Casita Balamban** 13. San Jose Maria Village Balamban**	108.00	n/a	1,380.00
14. San Jose Maria Village Talisay	351.00	n/a	3,544.36
15. San Jose Maria Village Minglanilla	648.00	n/a	No data
16. San Jose Maria Village Toledo**	513.00	n/a	33,829.09
17. Casa Mira South	729.00	NA	No data
18. Casa Mira Linao	792.00	157.61	44,848.06
19. Velmiro Heights**	1,233.00	NA	33,829.09
20. Midori Plains	668.00	NA	24,954.09-

*Estimated consumption of 5 properties based on annualized figures and reported data
**Estimated consumption of 11 properties based on annualized figures
***recorded under construction data

Scope and Breakdown: Fuel and electricity consumption in construction sites

CONSTRUCTION SITES	FUEL CONSUMPTION, IN L	POWER CONSUMPTION, IN KWH
	FOR GENERATOR SETS	COMMON AREAS
1. Abaca Hotel	15,000.00	-
2. Astra Centre	23,229.00	304,088.00
3. Banilad High Street	3,357.00	314.00
4. Casa Mira Towers – Mandaue	75,543.00	132,660.00
5. Mandtra Residences	2,070.00	12.00
6. Mivela Garden Residences	No data	399.00
7. Villa Casita Bogo	0	No data
8. 38 Park Avenue	19,569.00	404,944.00
9. Base Line Center – Prestige	4,066.00	187,100.00
10. Casa Mira Linao Ph3	50,180.00	5,418.00
11. Casa Mira South Ph3A and Ph3B	157,674.00	105,240.00
12. Casa Mira Towers Guadalupe	7,200.00	n/a
13. Latitude Corporate Center	9,520.00	32,368.00
14. Lorega Tenement Housing	3,805.00	n/a
15. Magspeak Nature Park	68,000.00	n/a
16. Masters Tower Cebu	40,083.00	n/a
17. Patria de Cebu	2,555.00	8,687.00
18. Velmiro Heights Minglanilla	3,685.00	3,750.00
19. Casa Mira Bacolod	83,440.00	25,288.00
20. Casa Mira Coast	No data	No data
21. Casa Mira Homes Dumaguete	No data	No data
22. Casa Mira Homes Ormoc	78,300.00	8,106.00
23. Casa Mira Iloilo	157,850.00	53,150.00
24. Citadines Bacolod	No data	117,147.00
25. Mesavirre Garden Residences	No data	204,960.00
26. Terranza Residences	39,861.00	1,038.00
27. Velmiro Greens Bohol	33,582.00	29,147.00
28. Velmiro Plains Bacolod	96,146.00	18,034.00
29. Casa Mira Towers CDO	33,355.00	67,318.00
30. Casa Mira Towers LPU	181,200.00	54,326.00
31. Davao Global Township	89,122.00	180,420.00
32. MesaTierra Gardens Residences	7,534.00	305,953.00
33. The Paragon Davao	No data	No data
34. Velmiro Heights CDO	No data	No data
35. Velmiro Uptown CDO	No data	103,434.00

WATER AND EFFLUENTS

Scope and Breakdown: Water consumption in managed properties

MANAGED PROPERTIES	GROUND WATER *	THIRD PARTY WATER PROVIDER**		
		LEASED AREAS	COMMON AREAS	SUB-TOTAL
1. Base Line Center	n/a	19,235.28	25,065.72	44,301.00
2. Park Centrale	n/a	11,049.00	4,913.00	15,962.00
3. Latitude Corporate Center**	n/a	307.68	6,072.32	6,380.00
4. Asia Premier Residences	n/a	4,140.80	3,134.20	7,275.00
5. Base Line Residences**	n/a	6,820.00	430.67	7,250.67-
6. Midori Residences	n/a	8,374.00	2,420.00	10,794.00
7. Mivesa Garden Residences	n/a	41,172.89	31,796.67	72,969.56
8. Casa Mira Towers Labangon	n/a	2,669.00	15,805.17	18,474.17
9. MesaVerte Residences	n/a	4,758.00	6,674.00	11,432.00
10. MesaTierra Garden Residences**	n/a	2,330.00	254.50	2,584.50
11. Villa Casita Bogo	No data	n/a	n/a	n/a
12. Villa Casita Balamban*	22,556.40	n/a	n/a	n/a
13. San Jose Maria Village Balamban*		n/a	n/a	n/a
14. San Jose Maria Village Talisay	15,983.75	n/a	n/a	n/a
15. San Jose Maria Village Minglanilla	No data	n/a	n/a	n/a
16. San Jose Maria Village Toledo*	59,650.25	n/a	n/a	n/a
17. Casa Mira South*	199,230.55	n/a	n/a	n/a
18. Casa Mira Linao	97,185.00	n/a	n/a	n/a
19. Velmiro Heights**	59,650.25	n/a	n/a	n/a
20. Midori Plains	70,693.00	n/a	n/a	n/a

*Applicable only to horizontal properties/residential subdivisions, except Velmiro Heights. Water consumption of 4 properties is estimated based on annualized figures.

**Applicable only to mixed use, office buildings, and vertical properties/condominiums, including Velmiro Heights and 3 vertical properties which use estimates based on annualized figures.

Scope and Breakdown: Water consumption in construction sites

CONSTRUCTION SITES	MCWD / THIRD PARTY WATER PROVIDER, IN CU. M.
1. Abaca Hotel	448.00
2. Astra Centre	2,790.00
3. Banilad High Street	No data
4. Casa Mira Towers – Mandaue	2,705.00
5. Mandtra Residences	127.00
6. Mivela Garden Residences	1,960.00
7. Villa Casita Bogo	No data
8. 38 Park Avenue	5,781.00
9. Base Line Center – Prestige	2,215.00
10. Casa Mira Linao Ph3	No data
11. Casa Mira South Ph3A and Ph3B	18,150.00
12. Casa Mira Towers Guadalupe	145.00
13. Latitude Corporate Center	3,427.00
14. Lorega Tenement Housing	122.80
15. Magspeak Nature Park	No data
16. Masters Tower Cebu	365.00
17. Patria de Cebu	920.00
18. Velmiro Heights Minglanilla	294.00
19. Casa Mira Bacolod	2,199.00
20. Casa Mira Coast	No data
21. Casa Mira Homes Dumaguete	No data
22. Casa Mira Homes Ormoc	4,164,00
23. Casa Mira Iloilo	5,884.00
24. Citadines Bacolod	3,053.00
25. Mesavirre Garden Residences	7,200.00
26. Terranza Residences	No data
27. Velmiro Greens Bohol	6,804.00
28. Velmiro Plains Bacolod	1,445.00
29. Casa Mira Towers CDO	2,084.00
30. Casa Mira Towers LPU	162.00
31. Davao Global Township	497.00
32. MesaTierra Gardens Residences	7,948.00
33. The Paragon Davao	No data
34. Velmiro Heights CDO	No data
35. Velmiro Uptown CDO	365,1455.00

Scope and Breakdown: Wastewater treated and discharged in managed properties

MANAGED PROPERTIES	WASTEWATER TREATED AND DISCHARGED, IN CU.M.
1. Base Line Center	35,440.80
2. Park Centrale	12,769.60
3. Latitude Corporate Center	5,104.00
4. Asia Premier Residences	5,820.00
6. Midori Residences	8,635.20
7. Mivesa Garden Residences	58,375.64
8. Casa Mira Towers Labangon	14,779.34
9. MesaVerte Residences	9,145.60
10. MesaTierra Garden Residences	2,067.60

SOLID WASTE MANAGEMENT

Scope and Breakdown: Solid waste generated in managed properties

MANAGED PROPERTIES	TOTAL SOLID WASTE GENERATED IN KILOGRAMS
1. Base Line Center	109,017.00
2. Park Centrale	800.00
3. Latitude Corporate Center	2,840.00
4. Asia Premier Residences	500.00
5. Base Line Residences	450.00
6. Midori Residences	1,620.00
7. Mivesa Garden Residences	35,222.60
8. Casa Mira Towers Labangon	No Data
9. MesaVerte Residences	3,600.00
10. MesaTierra Garden Residences	No Data
11. Villa Casita Bogo	No Data
12. Villa Casita Balamban	186,000.00
13. San Jose Maria Village Balamban	
14. San Jose Maria Village Talisay	No Data
15. San Jose Maria Village Minglanilla	No Data
16. San Jose Maria Village Toledo*	No Data
17. Casa Mira South	No Data
18. Casa Mira Linao	576,000.00
19. Velmiro Heights	No Data
20. Midori Plains	No Data

Scope and Breakdown: Solid waste generated in construction sites

CONSTRUCTION SITES	TOTAL SOLID WASTE GENERATED IN KILOGRAMS	TOTAL WASTE RECYCLED/REUSED IN KILOGRAMS
1. Abaca Hotel	1,310.00	No data
2. Astra Centre	389.60	7.00
3. Banilad High Street	No data	No data
4. Casa Mira Towers – Mandaue	300.00	64.00
5. Mandtra Residences	804.00	No data
6. Mivela Garden Residences	2,040.00	67.00
7. Villa Casita Bogo	No data	No data
8. 38 Park Avenue	314.00	139.00
9. Base Line Center – Prestige	271.00	78.00
10. Casa Mira Linao Ph3	17,461.00	17,460.00
11. Casa Mira South Ph3A and Ph3B	No data	No data
12. Casa Mira Towers Guadalupe	No data	No data
13. Latitude Corporate Center	190.00	19.00
14. Lorega Tenement Housing	20.00	0
15. Magspeak Nature Park	No data	No data
16. Masters Tower Cebu	1,149.00	0
17. Patria de Cebu	51.00	5.00
18. Velmiro Heights Minglanilla	4,673.00	4,672.00
19. Casa Mira Bacolod	144.00	0
20. Casa Mira Coast	No data	No data
21. Casa Mira Homes Dumaguete	No data	No data
22. Casa Mira Homes Ormoc	2.00	0
23. Casa Mira Iloilo	No data	No data
24. Citadines Bacolod	No data	No data
25. Mesavirre Garden Residences	No data	No data
26. Terranza Residences	36.00	19.00
27. Velmiro Greens Bohol	No data	No data
28. Velmiro Plains Bacolod	96.00	0
29. Casa Mira Towers CDO	1,851.00	1,530.00
30. Casa Mira Towers LPU	No data	No data
31. Davao Global Township	82.00	32.00
32. MesaTierra Gardens Residences	172.00	No data
33. The Paragon Davao	111.00	No data
34. Velmiro Heights CDO	No data	No data
35. Velmiro Uptown CDO	6,990.00	6,030.00

GHG EMISSIONS

Disclosure: Direct Greenhouse Gas (GHG) / Scope 1 Emissions - Corporate / Satellite Offices and Showrooms, in MTCO2e

2019*	2020*	2020*
65.00	98.63	112.88

*Used emission factor (EF) from World Resources Institute's GHG Emission Factors 2017 where EF for transport fuel use (gasoline): 8.598734991 kgCO2 per US gallon and 1 liter = 0.2641720 US gallon

Disclosure: Direct Greenhouse Gas (GHG) / Scope 1 Emissions - Corporate / Satellite Offices and Showrooms, in MTCO2e

SOURCES OF GHG EMISSIONS	DIRECT GHG EMISSIONS (SCOPE 1)*	OTHER INDIRECT GHG EMISSIONS (SCOPE 3)**	INDIRECT GHG EMISSIONS (SCOPE 2)**
	USE OF FUEL FOR GENERATOR SETS	LEASED AREAS	COMMON AREAS
Managed Properties (# of properties with data)	322.81 (19 of 20 / 95%)	4.45 (10 of 20 / 50%)	1.81 (19 of 20 / 95%)
Construction Sites (# of projects with data)	3,441.77 (26 of 35 / 74%)	Not applicable	1.72 (25 of 35 / 69%)
Total	3,764.59	4.45	3.54

*Used emission factor (EF) from World Resources Institute's GHG Emission Factors 2017 where EF for stationary combustion of gas/ diesel oil is 2.676492 kgCO2 per liter of fuel

***Based on DOE National Grid Emission Factors 2017

- Luzon-Visayas grid - 0.7122 kgCO2 per MWh where 1 KWh = 0.001 MWh
- Mindanao grid - 0.7797 kgCO2 per MWh

ENERGY INTENSITY

SOURCES OF GHG EMISSIONS	EMISSION INTENSITIES		
	DIRECT GHG EMISSIONS (SCOPE 1)*	OTHER INDIRECT GHG EMISSIONS (SCOPE 3)**	INDIRECT GHG EMISSIONS (SCOPE 2)**
	USE OF FUEL FOR GENERATOR SETS	LEASED AREAS	COMMON AREAS
Overall Average	0.0010	0.000011	0.000051

STAKEHOLDER ENGAGEMENT

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

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
CUSTOMERS: End users of products: Home Owners Associations / Condo Corporations	Annual General Meetings Board meetings, unit inspections Virtual / Digital Channels: Facebook pages Group Chats	Ease in transacting payments (monthly dues) Efficiency of utilities / water & power supply Timeliness in release of Transfer Certificate of Titles (TCTs), Tax Declarations and other documents	Upkeep and maintenance of property	Regular engagement with HOAs through AGMs Time-bound response to concerns / complaints Time-bound issuance of billing statements and other documents
CUSTOMERS: Office and Retail space lessees/ end users of leased products	Virtual/digital channels: Facebook page	On-time completion of construction of leasing products On-time turnover of office / retail space (for fit out) Time- bound response to inquiries, complaints and release of billings (utilities and monthly charges) Safety Reliable maintenance of utilities (i.e. water and electricity)	Disaster readiness and response Future partnerships and collaboration	Regular coordination and gathering of feedback through CLI Property Management
JV PARTNERS	Formal and casual meetings; project site visits Emails	Return on Investment	Development Timelines	Completeness in finance updates during board meetings

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
REGULATORS: SEC, PSE, BIR, DHSUD, AMLC (among other government agencies and regulators) Compliance with regulatory requirements and serve as trusted partner to assure all stakeholders of CLI's exemplary corporate governance	Inquiries and correspondence by and between CLI and the various government regulators, whether in person (meetings; dialogues) or in writing (e-mails; formal letter correspondence). Discussions and coordination with IPA regulators for registration of projects and availment of fiscal and non-fiscal incentives. Attendance and participation in government-initiated trainings and seminars. Submission of reports, disclosures and other documentary requirements.	Integrity and accuracy of documentary submissions, reports, and disclosures. Submission of reportorial requirements within the deadline and through the proper modes or channels set by the regulators (various government portals; e-mails; hard copy submissions). Coordination and cooperation with the government regulators in case of inquiries or conduct of government audits. Compliance with all relevant laws and regulations.	Beyond compliance on economic, social and environmental regulations/ disclosure requirements	Proactive and extensive monitoring, review, evaluation, and compliance with all the relevant laws, rules and regulations, and government issuances of regulatory agencies. CLI, its directors and key officers continue to keep themselves abreast of relevant laws, regulations, and industry developments. In keeping thereto, CLI adheres to its training policy and program, including the attendance of directors and key officers in annual corporate governance training. CLI ensures the proper review and evaluation of information and documents before submission to regulators. CLI ensures the faithful, transparent, and timely submission of disclosures and reports to the appropriate government regulators.

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
				Close coordination and cooperation with the regulators, ensuring open lines of communication, and timeliness in responding to their request for documents and information. CLI emphasizes that it will continue to be an exemplary corporate citizen and trusted partner of the government and the society in general.
INDIVIDUAL / INSTITUTIONAL SHAREHOLDERS/ INVESTORS Protect the interests of shareholders by increasing shareholder value; continue our position as an excellent investment vehicle	Shareholder inquiries and updates through PSE EDGE filings for real time disclosures, "Maestro" newsletter for monthly updates, investor engagements through one-on-one meetings, non-deal local and international roadshows, report of company performance through quarterly analyst briefings, stockholders' meetings and annual reports	Knowledge on company financial and operational performance and updates Increased investment opportunities Future returns	Financial and operational performance and updates Market price appreciation Dividends ESG performance CLI's sustainability commitment and management approach	Transparency in performance updates and future plans Ensuring sustainable company growth and expansion Growing shareholder value Declaration of dividends Communication of Environmental, Social and Governance (ESG) / sustainability performance

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
GOVERNMENT: LGUs and national government agencies	Property visits for inspection by government officers. Visits to government offices for submission of compliance requirements. Payment of taxes, business permits and licenses, partnerships/ co-sponsored events, and regular reviews; neighboring communities as partners and/or beneficiaries to the company's development programs.	Raising public awareness on relevant environmental and socio-economic issues Collaboration with the private sector on social and environmental programs for the community	Job opportunities to constituents and local residents. Partnership and collaboration on social and environmental programs for the various communities. Guidance on relevant real estate processes, e.g., technical planning, design and property management (for MRB tenement projects) Venue for civic interaction	Prompt and accurate payment of taxes and regulatory fees. Provision of access / road repair to barangays impacted by development. Attendance and active participation in LGU-organized meetings and conferences. Regular coordination and continuing engagement with the government.
EMPLOYEES: CLI's important resource to achieve the Company's goals	Townhall meetings, Training programs Employee engagement activities Gender-targeted programs Employee volunteer program Email blasts Workplace posts / chats	Adequate compensation and benefits, Health and Well-being programs HMO benefits package upgrade Training and organizational development Flexible work arrangements	Wellness and work-life balance Personal and corporate sustainability	Benefits upgrade Pay increase Wellness program (Hilig Clubs) Relaunch of 'Hilig' Clubs Training and organizational development programs Health and safety programs Introduction of the concept of sustainability through learning sessions
EMPLOYEES: Indirect hires (employees of contractors)	Assistance of construction workforce through contractors during the pandemic	Safety and minimal exposure at the height of the pandemic	Continuing response/ assistance in cases of disasters	Assistance to workers and their families during the pandemic; resources allocated for stay-in workers

STAKEHOLDER	CHANNELS OF ENGAGEMENT	EXPRESSED NEEDS	INTEREST AREAS	HOW WE RESPOND
SUPPLIERS AND CONTRACTORS	Supplier/Contractor accreditation process, bidding & negotiation, awarding or ordering, and billing process	Suppliers: Timely release of payments as per agreed terms Contractors: Concern on cash flow vis a vis schedule of payments Continuing employment Health and safety	Suppliers: Equality and fair bidding process Equal opportunities for local contractors Identify and develop sustainable water sources Resource conservation	Enhancement on the billing process Enhancement of supplier /contractor selection and evaluation process
MEDIA PARTNERS Means of Promoting CLI's brand, image and reputation	Conduct of press conferences, Corporate briefings	Sufficient information about CLI's projects /product brands Availability of company representatives for interview Usefulness of information shared Open communication lines	Issues-handling Publicity	Media briefings/ regular updates on new projects and developments
LOCAL COMMUNITIES: host, partner or neighboring barangays	Pandemic and disaster response Public hearing / consultations Community needs assessment Program partnerships on environment, employment, education, capacity building, arts and culture Meetings / site visits	Local employment Concerns on access Livelihood programs Environmental programs Skills training program Supporting products of small entrepreneurs in the locality Increase in barangay income through barangay permits	Program partnerships Guidance on social preparation and property management Implementation of community programs on education, emergency and disaster readiness, livelihood and social preparation for beneficiaries of MRB tenement project donated by CLI to partner LGU	Provision or repairs of roads and drainage system Partnerships with LGUs on various community programs that address community needs Local employment prioritization

Report of Independent Auditors

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The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

Opinion

We have audited the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (collectively referred to herein as the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the financial statements.

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

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

(a) Revenue Recognition for Real Estate Sales

Description of the Matter

We considered the Group's recognition of revenue from real estate sales a key audit matter because of the significant volume of transactions and amount of revenue from real estate sales involved. In 2021, the Group's revenue from real estate sales amounted to P11.0 billion which accounts for 99% of the Group's total revenues. It uses the percentage of completion (POC) method, which is determined using the input method, i.e., based on efforts or inputs to the satisfaction of a performance obligation, to determine the appropriate amount of contract revenues to be recognized for the reporting period. Thus, the complexity of the application of the revenue recognition standard in real estate sales contracts; and the application of significant management judgments in determining when to recognize revenue, particularly on the assessment of the probability of collecting the contract price, and in estimating the stage of project completion were also taken into consideration. An error in the application of the requirements of said standard, and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

For this year's audit, we have also considered the implications of the COVID-19 pandemic as it affects a major factor in the Group's revenue recognition criteria which is the probability of collecting the contract price.

The Group's accounting policy on recognition of revenue from real estate sales, and basis of significant judgment and estimates are disclosed in Notes 2 and 3 to the consolidated financial statements, respectively. In addition, the details of contract revenues, specifically the disaggregation of revenues are disclosed in Notes 17 to the consolidated financial statements.

How the Matter was Addressed in the Audit

To address the risk of material misstatements in revenue recognition, we have performed tests of design and operating effectiveness of internal controls, including information technology (IT) general controls, over processes relating to generation of contract revenue, and revenue recognition and measurement. In addition, we reviewed sales agreements, on a sampling basis, and the relevant facts and circumstances about the real estate transactions to determine compliance with a set of criteria for revenue recognition. We have also tested the reasonableness of management's judgment in determining the probability of collection of the contract price which involves a historical analysis of customer payment pattern and behavior.

To ascertain the reasonableness of the measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include understanding of controls over recording of costs and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to determine if the completion based on costs is consistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of project engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

(b) Existence and Valuation of Real Estate Inventories

Description of the Matter

Real estate inventories amount to P18.7 billion, which accounts for 51% of total current assets and 28% of total assets of the Group, as at December 31, 2021. Because of the asset's material effect on the consolidated financial statements, we considered its valuation a key audit matter. Valuation of the Group's real estate inventories, particularly construction-in-progress, involves determination and estimation of significant unbilled materials and project contractors' services at the end of the reporting period. Management's failure to consider such unbilled materials and services, and an error in estimating the same, could have a material impact on the carrying value of real estate inventories as well as POC and cost of real estate sales.

The valuation of the real estate inventories is also hinged on their existence. Given that the Group's real estate projects are located in various locations, which posed a significant challenge in conducting the necessary audit procedures because of restrictions due to the COVID-19 pandemic, and the varying stages of completion of the projects, which require significant judgement and estimation, we have also considered the existence of real estate inventories as a key audit matter.

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

How the Matter was Addressed in the Audit

We have obtained an understanding, and performed tests of design and operating effectiveness of internal controls, including IT general controls, over processes relating to initiation and recording of purchases and allocation of cost to real estate inventories. We also performed ocular inspection of selected real estate projects on a date closest to the end of the reporting period to confirm their existence and examined documents, such as land titles, progress reports, contractors' accomplishment billings among others, to corroborate with other procedures as well as to ensure completeness of recorded costs. We tested the assumptions used by management in estimating the unbilled materials and services as well as the stage of completion of the projects which we used to further assess the reasonableness of the assets' valuation.

(c) Recognition of Right-of-Use Assets and Related Lease Liabilities

Description of the Matter

As at December 31, 2021, the Group recognized a right-of-use assets and lease liabilities of P1.2 billion and P1.1 billion, respectively. This pertains to various lease contracts for periods ranging from three to 42 years covering land and office space which will be the site of real estate project of the Group. We considered the recognition of the right-of-use assets and lease liabilities for these leases as significant because of the amount involved, complexity of accounting for this type of lease and the significant judgements that go along with it, particularly in respect of the determination of the appropriate discount rate to be used because of the lease term.

The Group's accounting policy and judgment applied on accounting for leases are presented in Notes 2 and 3 to the consolidated financial statements, respectively, and the other related disclosures are presented in Note 12.

How the Matter was Addressed in the Audit

To address this matter, we evaluated the reasonableness and appropriateness of the inputs and assumptions used, especially the discount rate applied in determining the lease liability. We verified the accuracy of the data used by tracing them to the original contracts and checked the mathematical accuracy of the calculations done by management to determine the amounts to be recognized. We also assessed the completeness of disclosures within the consolidated financial statements in accordance with the applicable standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 29, 2022

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 1,095,821,916**	P 797,184,790
Receivables - net	6	**5,844,643,647**	6,020,754,434
Contract assets - net	17	**6,558,006,000**	3,642,591,056
Real estate inventories	7	**18,708,757,553**	13,398,181,847
Deposits on land for future development	8	**-**	699,772,860
Due from related parties	25	**57,434,271**	21,950,504
Prepayments and other current assets	9	**4,737,412,289**	3,019,869,681
Total Current Assets		**37,002,075,676**	27,600,305,172
NON-CURRENT ASSETS			
Receivables - net	6	**161,127,276**	121,204,328
Contract assets - net	17	**13,732,299,185**	10,214,059,439
Investments in associates	10	**135,064,930**	129,852,662
Property and equipment - net	11	**915,671,703**	643,387,606
Right-of-use assets	12	**1,152,854,127**	950,904,449
Investment properties - net	13	**13,240,123,662**	10,093,743,062
Other non-current assets - net	14	**312,888,874**	337,044,725
Total Non-current Assets		**29,650,029,757**	22,490,196,271
TOTAL ASSETS		**P 66,652,105,433**	P 50,090,501,443
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**P 8,813,501,067**	P 3,434,542,160
Trade and other payables	16	**12,650,588,490**	7,257,232,364
Contract liabilities	17	**604,254,603**	532,649,347
Customers' deposits	17	**89,897,007**	196,124,012
Lease liabilities	12	**3,288,349**	1,634,080
Income tax payable		**2,177,192**	31,196,933
Total Current Liabilities		**22,163,706,708**	11,453,378,896
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**23,208,218,323**	20,359,441,551
Trade and other payables	16	**169,777,112**	226,434,433
Lease liabilities	12	**1,122,841,952**	833,099,895
Post-employment defined benefit obligation	23	**4,753,329**	621,184
Deferred tax liabilities - net	24	**2,050,626,485**	1,690,284,026
Total Non-current Liabilities		**26,556,217,201**	23,109,881,089
Total Liabilities		**48,719,923,909**	34,563,259,985
EQUITY			
Equity attributable to shareholders of Parent Company	26		
Capital stock		**3,623,451,997**	1,714,000,000
Additional paid-in capital		**1,608,917,974**	1,608,917,974
Treasury shares		**(748,171,901)**	(732,851,016)
Revaluation reserves - net		**(13,477,472)**	(12,883,375)
Retained earnings		**6,369,153,605**	6,054,418,178
		10,839,874,203	8,631,601,761
Non-controlling interest	26	**7,092,307,321**	6,895,639,697
Total Equity		**17,932,181,524**	15,527,241,458
TOTAL LIABILITIES AND EQUITY		**P 66,652,105,433**	P 50,090,501,443

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES	17			
Sale of real estates		**P 10,996,247,695**	P 8,146,432,329	P 8,390,526,495
Rental		**74,272,000**	55,237,972	63,159,194
Hotel operations		**48,683,577**	54,558,131	8,524,756
Management fees		**42,967,412**	42,591,886	36,837,490
		11,162,170,684	8,298,820,318	8,499,047,935
COST OF SALES AND SERVICES	18	**(5,972,289,664)**	(4,282,111,458)	(4,300,684,977)
GROSS PROFIT		**5,189,881,020**	4,016,708,860	4,198,362,958
OPERATING EXPENSES	19	**(1,950,338,710)**	(1,265,920,859)	(1,145,201,008)
OTHER OPERATING INCOME	20	**257,229,190**	68,597,820	53,133,383
OPERATING PROFIT		**3,496,771,500**	2,819,385,821	3,106,295,333
FINANCE COSTS	21	**(264,069,008)**	(65,805,262)	(44,926,212)
FINANCE INCOME	22	**7,689,872**	39,708,261	51,920,745
SHARE IN NET LOSS OF ASSOCIATES	10	**(4,229,178)**	(615,777)	(326,580)
REVERSAL OF IMPAIRMENT LOSSES (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	6	**-**	(252,478)	69,492,639
OTHER LOSSES	20	**(132,572,525)**	(839,657)	(962,201)
PROFIT BEFORE TAX		**3,103,590,661**	2,791,580,908	3,181,493,724
TAX EXPENSE	24	**(432,719,044)**	(715,853,587)	(743,556,215)
NET PROFIT		**P 2,670,871,617**	P 2,075,727,321	P 2,437,937,509
Net profit attributable to:				
Parent Company's shareholders		**P 2,612,937,324**	P 1,846,119,733	P 2,012,289,616
Non-controlling interests		**57,934,293**	229,607,588	425,647,893
		P 2,670,871,617	P 2,075,727,321	P 2,437,937,509
Earnings per Share:				
Basic and diluted	27	**P 1.04**	P 1.15	P 1.21

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Attributable to Shareholders of Parent Company									
	Capital Stock (See Note 26)	Additional Paid-in Capital (See Note 26)	Treasury Stock (See Note 26)	Revaluation Reserves (See Note 26)	Retained Earnings (See Note 26) Appropriated	Unappropriated	Total	Total	Non-controlling Interests (See Note 26)	Total
Balance at January 1, 2021	**P 1,714,000,000**	**P 1,608,917,974**	**(P 732,851,016)**	**(P 12,883,375)**	**P 3,949,504,623**	**P 2,104,913,555**	**P 6,054,418,178**	**P 8,631,601,761**	**P 6,895,639,697**	**P 15,527,241,458**
Transactions with owners										
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	**226,733,331**	**226,733,331**
Cash dividends	-	-	-	-	-	**(388,749,900)**	**(388,749,900)**	**(388,749,900)**	**(88,000,000)**	**(476,749,900)**
Stock dividends	**1,909,451,997**	-	-	-	-	**(1,909,451,997)**	**(1,909,451,997)**	-	-	-
Acquisition of treasury stock	-	-	**(15,320,885)**	-	-	-	-	**(15,320,885)**	-	**(15,320,885)**
	1,909,451,997	-	**(15,320,885)**	-	-	**(2,298,201,897)**	**(2,298,201,897)**	**(404,070,785)**	**138,733,331**	**(265,337,454)**
Reversal of appropriations during the year	-	-	-	-	**(3,777,454,711)**	**3,777,454,711**	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	**2,612,937,324**	**2,612,937,324**	**2,612,937,324**	**57,934,293**	**2,670,871,617**
Other comprehensive loss	-	-	-	**(594,097)**	-	-	-	**(594,097)**	-	**(594,097)**
	-	-	-	**(594,097)**	-	**2,612,937,324**	**2,612,937,324**	**2,612,343,227**	**57,934,293**	**2,670,277,520**
Balance at December 31, 2021	**P 3,623,451,997**	**P 1,608,917,974**	**(P 748,171,901)**	**(P 13,477,472)**	**P 172,049,912**	**P 6,197,103,693**	**P 6,369,153,605**	**P 10,839,874,203**	**P 7,092,307,321**	**P 17,932,181,524**
Balance at January 1, 2020	P 1,714,000,000	P 1,608,917,974	(P 247,193,811)	(P 6,589,225)	P 3,050,000,000	P 1,573,093,445	P 4,623,093,445	P 7,692,228,383	P 6,056,029,905	P 13,748,258,288
Transactions with owners										
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	647,502,204	647,502,204
Cash dividend	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)	(37,500,000)	(452,295,000)
Acquisition of treasury stock	-	-	(485,657,205)	-	-	-	-	(485,657,205)	-	(485,657,205)
	-	-	(485,657,205)	-	-	(414,795,000)	(414,795,000)	(900,452,205)	610,002,204	(290,450,001)
Appropriation of retained earnings										
Appropriations during the year	-	-	-	-	3,300,000,000	(3,300,000,000)	-	-	-	-
Reversal during the year	-	-	-	-	(2,400,495,377)	2,400,495,377	-	-	-	-
	-	-	-	-	899,504,623	(899,504,623)	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	1,846,119,733	1,846,119,733	1,846,119,733	229,607,588	2,075,727,321
Other comprehensive loss	-	-	-	(6,294,150)	-	-	-	(6,294,150)	-	(6,294,150)
	-	-	-	(6,294,150)	-	1,846,119,733	1,846,119,733	1,839,825,583	229,607,588	2,069,433,171
Balance at December 31, 2020	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,104,913,555	P 6,054,418,178	P 8,631,601,761	P 6,895,639,697	P 15,527,241,458
Balance at January 1, 2019	P 1,714,000,000	P 1,608,917,974	(P 212,459,418)	(P 12,428,442)	P -	P 2,943,393,829	P 2,943,393,829	P 6,041,423,943	P 5,280,557,011	P 11,321,980,954
Transactions with owners										
Investments from non-controlling stockholdrs	-	-	-	-	-	-	-	-	369,825,001	369,825,001
Cash dividend	-	-	-	-	-	(332,590,000)	(332,590,000)	(332,590,000)	(20,000,000)	(352,590,000)
Acquisition of treasury stock	-	-	(34,734,393)	-	-	-	-	(34,734,393)	-	(34,734,393)
	-	-	(34,734,393)	-	-	(332,590,000)	(332,590,000)	(367,324,393)	349,825,001	(17,499,392)
Appropriation of retained earnings during the year	-	-	-	-	3,050,000,000	(3,050,000,000)	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	2,012,289,616	2,012,289,616	2,012,289,616	425,647,893	2,437,937,509
Other comprehensive gain	-	-	-	5,839,217	-	-	-	5,839,217	-	5,839,217
	-	-	-	5,839,217	-	2,012,289,616	2,012,289,616	2,018,128,833	425,647,893	2,443,776,726
Balance at December 31, 2019	P 1,714,000,000	P 1,608,917,974	(P 247,193,811)	(P 6,589,225)	P 3,050,000,000	P 1,573,093,445	P 4,623,093,445	P 7,692,228,383	P 6,056,029,905	P 13,748,258,288

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

		2021	2020	2019
NET PROFIT		**P 2,670,871,617**	P 2,075,727,321	P 2,437,937,509
OTHER COMPREHENSIVE INCOME (LOSS) - Net of Tax				
Item that will not be reclassified				
subsequently to profit or loss				
Gain (loss) on remeasurements of				
post-employment defined benefit plan	23	**435,092**	(8,991,642)	8,341,738
Tax income (expense)	24	**(1,029,189)**	2,697,492	(2,502,521)
		(594,097)	(6,294,150)	5,839,217
TOTAL COMPREHENSIVE INCOME		**P 2,670,277,520**	P 2,069,433,171	P 2,443,776,726
Total comprehensive income attributable to:				
Parent Company's shareholders		**P 2,612,343,227**	P 1,839,825,583	P 2,018,128,833
Non-controlling interests		**57,934,293**	229,607,588	425,647,893
		P 2,670,277,520	P 2,069,433,171	P 2,443,776,726

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 3,103,590,661**	P 2,791,580,908	P 3,181,493,724
Adjustments for:				
Interest expense on interest-bearing loans	21	**196,904,919**	8,677,442	33,629,596
Depreciation and amortization	19	**121,798,863**	104,119,622	60,763,991
Interest expense on lease liabilities	12	**67,139,552**	57,127,820	10,847,248
Interest income on bank deposits	5	**(6,528,935)**	(8,701,101)	(24,599,602)
Share in net loss of associates	10	**4,229,178**	615,777	326,580
Loss on sale of property and equipment	20	**16,577**	-	-
Recognition (reversal) of impairment loss on financial assets	6	**-**	252,478	(69,492,639)
Operating profit before working capital changes		**3,487,150,815**	2,953,672,946	3,192,968,898
Decrease (increase) in receivables		**136,187,839**	(266,148,302)	(1,767,475,002)
Increase in contract assets		**(6,433,654,690)**	(4,964,140,467)	(3,450,384,035)
Increase in real estate inventories		**(1,290,125,235)**	(563,703,631)	(2,270,211,968)
Increase (decrease) in deposits on land for future development		**(376,327,882)**	(868,104,916)	(679,394,084)
Increase in prepayments and other current assets		**(1,529,208,933)**	(747,606,864)	(1,401,362,497)
Decrease (increase) in other non-current assets		**50,242,017**	(206,460,224)	(32,255,180)
Increase in trade and other payables		**5,317,928,215**	993,330,034	3,380,558,499
Increase (decrease) in contract liabilities		**71,605,256**	113,681,688	(38,959,953)
Increase (decrease) in customers' deposits		**(106,227,005)**	5,081,093	148,268,543
Increase (decrease) in post-employment defined benefit obligation		**3,538,048**	(2,446,874)	(3,549,540)
Cash used in operations		**(668,891,555)**	(3,552,845,517)	(2,921,796,319)
Cash paid for taxes		**(252,045,906)**	(151,023,857)	(146,210,751)
Net Cash Used in Operating Activities		**(920,937,461)**	(3,703,869,374)	(3,068,007,070)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of investment properties	13	**(4,865,426,664)**	(1,421,274,390)	(2,180,931,208)
Acquisitions of property and equipment	11	**(299,836,002)**	(235,693,169)	(80,638,923)
Advances to related parties	25	**(35,500,674)**	(12,003,087)	-
Investments in associates	10	**(25,310,918)**	(114,090,016)	(5,500,000)
Acquisitions of computer software	14	**(10,242,943)**	(8,960,023)	(33,955,601)
Interest received		**6,528,935**	8,701,101	24,599,602
Proceeds from sale of property and equipment	11	**75,961**	-	-
Collections of advances to related parties	25	**16,907**	-	11,206,772
Net Cash Used in Investing Activities		**(5,229,695,398)**	(1,783,319,584)	(2,265,219,358)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans	15	**14,448,015,997**	12,583,999,063	10,453,706,073
Repayments of interest-bearing loans	15	**(6,288,347,939)**	(5,672,248,772)	(4,265,207,842)
Interest paid on interest-bearing loans		**(1,387,522,892)**	(1,091,629,524)	(819,196,691)
Cash dividends paid	26	**(476,749,900)**	(452,295,000)	(352,590,000)
Additional investment from non-controlling shareholders	26	**226,733,331**	647,502,204	369,825,001
Interest paid on lease liabilities	12	**(57,537,727)**	(57,127,820)	(10,847,248)
Repayments of lease liabilities	12	**-**	(105,339,849)	(39,719,752)
Acquisition of treasury stock	26	**(15,320,885)**	(485,657,205)	(34,734,393)
Net Cash From Financing Activities		**6,449,269,985**	5,367,203,097	5,301,235,148
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**298,637,126**	(119,985,861)	(31,991,280)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**797,184,790**	917,170,651	949,161,931
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,095,821,916**	P 797,184,790	P 917,170,651

Supplemental Information on Non-cash Activities is disclosed in Note 34.

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(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 26).

ABS is a holding company, which is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests in the following subsidiaries and associates:

Entity	Note	Effective Percentage of Ownership 2021	2020
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-LITE Panglao Inc. (CLI-LITE)	(d)	**88%**	-
Ming-mori Development Corporation (MDC)	(e)	**78%**	20%
Sugbo Prime Estate, Inc. (SPE)	(f)	**64%**	-
BL CBP Ventures, Inc. (BL Ventures)	(g)	**50%**	50%
Yuson Excellence Soberano, Inc. (YES)	(h)	**50%**	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(i)	**50%**	50%

Forward

Entity	Note	Effective Percentage of Ownership 2021	2020
Subsidiaries			
YHEST Realty and Development Corporation (YHEST)	(j)	**50%**	50%
CCLI Premier Hotels, Inc. (CCLI)	(k)	**50%**	50%
Cebu Homegrown Developers, Inc. (CHDI)	(l)	**50%**	50%
YHES Premier Hotels Inc. (YHESPH)	(m)	**50%**	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(n)	**50%**	50%
GGTT Realty Corporation (GGTT)	(o)	**50%**	50%
Mivesa Garden Residences, Inc. (MGR)	(p)	**45%**	45%
El Camino Developers Cebu, Inc. (El Camino)	(q)	**35%**	35%
Associates			
ICOM Air Corporation (ICOM)	(r)	**33%**	33%
Magspeak Nature Park, Inc. (Magspeak)	(s)	**25%**	25%

CLI and its subsidiaries (collectively referred as "the Group"), and associates are all incorporated in the Philippines. The subsidiaries and associates, except CPM, CPH, CCLI and YHESPH, are in the same line of business with CLI. A brief description of these entities follows:

(a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.

(b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPH is located in Cebu City.

(c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.

(d) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.

(e) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.

(f) 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.

(g) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.

(h) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.

(i) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.

(j) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.

(k) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2021, CCLI has yet to start commercial operations.

(l) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.

(m) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. As at December 31, 2021, YHESPH has yet to start commercial operations.

(n) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.

(o) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.

On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for by the Group as an asset acquisition as discussed in Note 7. In the first quarter of 2021, GGTT has started commercial operations, hence, already considered as a subsidiary as at December 31, 2021.

(p) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.

(q) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.

(r) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2021, ICOM has yet to start its commercial operations.

(s) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2021 (including the comparative consolidated financial statements for the years ended December 31, 2021 and 2020, were authorized for issue by the BOD on March 29, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) SEC Financial Reporting Reliefs Availed by the Group

In 2020, the Group has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*, MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*, MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*, and MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023,* relating to several implementation issues of PFRS 15*, Revenue from Contracts with Customers,* affecting the real estate industry.

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

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

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements: • interest expense would have been higher; • cost of real estate inventories would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	Until December 31, 2023
PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell*	PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.	Until December 31, 2023

Relief	Description and Implication	Deferral period
and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*	In those circumstances, the contract contains a significant financing component. 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 2021 and prior years.	

(c) Presentation of Consolidated Financial Statements

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

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

(d) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2021 that are Relevant to the Group

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform Operation
PFRS 16 (Amendments)	:	Leases – Interest Rate Benchmark Reform Phase 2 and Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

Discussed below are the relevant information about these pronouncements

(i) The Group adopted for the first time the application of the amendments to PFRS 7 (Amendments), *Financial Instruments: Disclosures,* PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform*, and PFRS 16, *Leases – Interest Rate Benchmark Reform Phase 2.* The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no impact on the Group's consolidated financial statements as the Group do not have any financial instruments subject to LIBOR.

(ii) The Group opted to early adopt the application of the amendments to PFRS 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*, which is effective from April 1, 2021. The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Group's consolidated financial statements as the Group did not receive any rent concession from its lessors in 2021.

(b) Effective Subsequent to 2021 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022).

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022).

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022).

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

- PFRS 9 (Amendments), Financial Instruments – *Fees in the '10 per cent' Test for Derecognition of Liabilities.*

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.*

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023).

(vi) PAS 1 and PFRS Practice Statement 2 (Amendments), *Disclosure Initiative – Accounting Policies* (effective from January 1, 2023).

(vii) PAS 8 (Amendments), *Definition of Accounting Estimates* (effective from January 1, 2023).

(viii) 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).

(c) PIC Q&As Relevant to the Real Estate Industry Applicable in 2021

Discussed below are the PIC Q&As effective from January 1, 2021 that are applicable to the Group, including the descriptions of their impact to the Group's consolidated financial statements.

(i) PIC Q&A No. 2018-12-E, *Treatment of uninstalled materials in the determination of POC* and PIC Q&A No. 2020-02, *Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation*

PIC Q&A No. 2018-12-E specifies, in recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed are to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials delivered on site that are not customized, such as steels and rebars, elevators and escalators, which are yet to be installed or attached to the main structure are excluded in the assessment of progress. Control over the uninstalled materials is not transferred to the customer upon delivery to the site but only when these are installed or when they are used in the construction. The application of the PIC Q&A had no significant impact to the Group's consolidated financial statements since the Group does not include uninstalled materials that are not customized in determining measure of progress for revenue recognition.

(ii) PIC Q&A No. 2020-03, *Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the POC is Ahead of the Buyer's Payment*

This PIC Q&A concludes that the difference when the POC is ahead of the buyer's payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group intends to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as a contract asset, hence, the adoption did not have a significant impact on the 2021 consolidated financial statements.

(iii) PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

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. The adoption of this PIC Q&A will be consistent with PIC Q&A 2018-12-D.

(iv) PIC Q&A No. 2020-05, *Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*

There are three acceptable approaches in accounting for sales cancellation and repossession of the property as follows:

- repossessed property is recognized at fair value less cost to repossess;
- repossessed property is recognized at fair value plus repossession cost; or,
- cancellation is accounted for as a modification of the contract.

The Group accounts for cancellation of sales contract as modification of contract, hence, the adoption of this PIC Q&A will not have significant impact in the consolidated financial statements of the Group.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries and associates and non-controlling interests as shown below.

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(b) Investments in Associates

Associates are those entities over which the Parent Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the consolidated financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Parent Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the share in net loss of associates in the consolidated statement of profit or loss.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions–that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss, or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition of interest in an entity which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. In order to meet the definition of a business, the acquired set of activities and assets must have inputs and substantive processes that can collectively significantly contribute to the creation of outputs. A business usually consists of the three elements as follows:

(a) inputs, which is an economic resource that creates outputs or can contribute to the creation of outputs when processes are applied to it;

(b) processes, which a system, standard, protocol, convention or rule that when applied to an input, creates outputs or can contribute to the creation of outputs; and,

(c) outputs, which are the result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities.

Under the asset purchased accounting, the purchase costs are allocated to identifiable assets and liabilities based on relative fair values of individual items; goodwill or gain on bargain purchase is not recognized; and, transaction costs are capitalized.

2.5 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

(a) Financial assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the Group's financial assets are all categorized as financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Receivables (excluding Advances to officers and employees), Due from Related Parties and Other Non-current Assets in respect of the refundable deposits included therein.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance Income.

(ii) Impairment of Financial Assets

The Group assesses and recognizes an allowance for expected credit losses (ECL) on its financial assets measured at amortized cost. The measurement of the ECL involves consideration of broader range of information in assessing credit risk, including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the financial assets. ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Group assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In determining whether the financial asset is in default, which is aligned with the definition of credit-impaired, the Group considers both quantitative and qualitative criteria as further discussed in Note 30.2*(b)*.

The amount of allowance for ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of any collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses impairment of receivables and contract assets on a collective basis based on shared credit risk characteristics of financial assets. The Group determines the ECL for receivables and contract assets by applying a method that evaluates the credit quality of a portfolio of receivables and contract assets and the cumulative loss rates by analyzing historical net charge-offs arising from cancellations and back-out sale for homogenous accounts that share the same origination period.

For other credit exposures such as due from related parties and refundable deposit, ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within the next 12-months (12-month ECL). When there has been a significant increase in credit risk on a financial asset since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For deposits in cash and cash equivalents, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of Default* – it is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss Given Default* – it is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Group expects to receive. For receivables and contract assets, this include cash flows from resale of repossessed real estate properties, net of direct costs of obtaining and selling the properties such as commission, refurbishment, and refund payment under Republic Act (RA) 6552, *Realty Installment Buyer Protection Act* or *Maceda law*.

- *Exposure at Default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial liabilities

Financial liabilities, which include interest-bearing loans and borrowings and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)], are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument.

Interest-bearing loans are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss, except for capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

All interest-related charges are recognized as expense in profit or loss under the caption Finance and Other Charges account in the consolidated statement of comprehensive income.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.6 Real Estate Inventories

Cost of real estate inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties are also capitalized by the Group (see Note 2.13). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Costs of real estate inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

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

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

2.7 Deposits on Land for Future Development

Deposits on land for future development pertain to advance cash payments made to sellers of properties purchased by the Group but title over the properties have not yet been transferred to the Group. Once sale is consummated, which is usually within 12 months from the date the deposit is made, such advance payments are applied to the full amount of the contract price and debited to either Real Estate Inventory or Investment Property account depending on the intended use of the property acquired. The Group present deposit on land for future development that are intended for real estate inventories under current assets while those that are intended for investment properties as non-current assets in the consolidated statement of financial position.

2.8 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period are classified as part of non-current assets.

2.9 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred. Cost also includes capitalized borrowing costs (see Note 2.13).

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Transportation equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	2-5 years

Leasehold improvements are amortized over the useful life of the improvements of 10 years or the lease term, whichever is shorter.

Construction-in-progress is not depreciated until the completion of the constructed asset.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and depreciation is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

The residual values, estimated useful lives, and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.10 Investment Properties

Investment properties are completed and under construction or development properties that are held to earn rental income, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Cost of the asset includes cost of construction and capitalized borrowing costs (see Note 2.13).

Investment properties are carried at cost, net of accumulated depreciation, except for land which is not subjected to depreciation, and any impairment in value. Depreciation of investment properties that are subject to depreciation is computed using the straight-line method over the estimated useful lives of the assets of 20 to 50 years.

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.13) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 2.15).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal.

2.11 Provisions and Contingencies

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

2.12 Revenue and Expense Recognition

Revenue of the Group arises mainly from the sale of real estate units, lease of property, rendering of management services and hotel operations. However, lease of property is accounted for separately (see Note 2.14).

The Group follows the five-step process below to when it recognizes revenue.

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

A contract with a customer is identified when the following five gating criteria are present:

(i) the parties to the contract have approved the contract either in writing or in accordance with the customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,

(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,

(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(c)]:

(a) *Sale of real estate units* – Revenue from the sale of real estate units are recognized as the control transfers at either over time for units sold under pre-completed contracts or at a point in time for ready for occupancy units, provided that the collectability of the contract price is reasonably assured. Invoicing for real estate sales are based on the agreed amortization schedule by the Group and the buyer.

When the price gating criteria of the revenue recognition has not been met, including assessment that collectability of the contract price is not yet assured, the consideration received from buyers are accounted as Customers' Deposits which is presented under current liabilities in the consolidated statement of financial position.

Subsequent cancellations of prior year sales are accounted for as contract modification on the year of cancellation. Cumulative revenues and costs recognized on cancelled contracts are deducted from the real estate sales and the related costs in the year in which such cancellations are made.

For tax reporting purposes, the taxable income for the year is based on the provisions of Section 49 of the National Internal Revenue Code (NIRC), as amended, which governs installment sales. Under the NIRC, revenue on sale and cost of real estate sold are recognized in full when the initial payments collected in the year of sale exceed 25% of the selling price; otherwise, revenue and cost of real estate sold are recognized based on the collections.

(b) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities, which consume the benefit as the Group performs. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as part of contract receivables as only the passage of time is required before payment of these amounts will be due.

(c) *Hotel operations* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

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

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

Incremental costs of obtaining a contract to sell real property to customers, such as broker's commissions, are recognized as part of Prepayments and Other Current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis, except capitalized borrowing costs (see Note 2.13).

2.13 Borrowing Costs

Borrowing costs are recognized in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.14 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

The Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.15).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

(b) *Group as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.15 Impairment of Non-financial Assets

The Group's property and equipment, right-of-use assets, investment properties, investment in associates and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.16 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) *Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

The Group's defined benefit post-employment plan, which became effective on January 1, 2015, covers all regular full-time employees. The pension plan is noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the consolidated statement of profit or loss. Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment, if any.

(b) Post-Employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity (i.e., Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Performance Bonus

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.17 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity within the Group.

2.18 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

For purposes of reporting material related party transactions of publicly-listed companies to the SEC, transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with the related parties are considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote to approve the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten 10% of the Group's total assets based on the latest audited consolidated financial statements, the same board approval would be required for the transactions that meets and exceeds the materiality threshold covering the same related party.

2.19 Segment Reporting

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

In identifying its operating segments, management generally follows the Group's geographical location, which represent the main products and services provided by the Group.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except post-employment benefit expenses in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

2.20 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital represents the proceeds in excess of the par value of shares issued less directly attributable costs in relation to the issuance of the shares.

Treasury shares represent the shares that are reacquired by the Parent Company at cost but are not cancelled shares.

Revaluation reserves comprise gains and losses arising from remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the consolidated statement of profit or loss, reduced by the amounts of dividends declared. Appropriated retained earnings are retained earnings that have been set aside by the Group for specific purpose and are not available for dividend declarations.

Non-controlling interest (NCI) represents equity in consolidated entities that are not attributable, directly or indirectly to the Parent Company. This increases by equity investments from non-controlling shareholders, share in profit or loss and share in each component of other comprehensive income in the consolidated entities. This decreases by dividends declared to non-controlling shareholders.

The Group adjusts the carrying amount of NCI to reflect the changes in their relative interests in the consolidated entities when the proportion of the equity held by NCI changes. The Group directly recognize in equity any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received, and attribute it to the shareholders of the Parent Company.

2.21 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Parent Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

2.22 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

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

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

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

(c) Determination of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Group determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price. Management is confident that when the collections received from the buyers exceed a certain threshold, it would be unlikely for the buyer to default and therefore, cancel the contract. Accordingly, as discussed in Note 2.12 under identification of contract, the Group will not recognize the whole contract and no revenue will be recognized when the collection threshold is not yet reached.

(d) Assessment Involving Right of Return

The Group's real estate sales under pre-completed contracts has variable consideration, which is the right of return when a buyer defaulted the equity payments. Moreover, RA No. 6552, *Realty Installment Buyer Act* or, which is popularly known in the Philippines as the Maceda Law, provides a statutory obligation to the Group to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installment payments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) Determination of ECL on Receivables and Contract Assets

The Group uses the cumulative loss rate approach to calculate ECL for receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Group has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations.

On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Group's trade and other receivables and contract assets are disclosed in Note 30.2.

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

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

(g) Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor

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

(h) Determination of Lease Term of Contracts with Renewal and Termination Options

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

For leases of land and office space, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

(i) Accounting for Equity Ownership Interest in Subsidiaries and Associates

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Group evaluates whether control or significant influence exists. Control is present when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policy decisions.

The Parent Company was able to demonstrate control over the operations of CBLRV (since 2020), CHDI and YHESPH (since 2019), YHEST and CCLI (since 2018), MGR and YHES (since 2017), and BL Ventures, El Camino and YES (since 2016), from the time of their incorporation, as indicated in Note 1.2. It had been able to demonstrate control over the operations of the foregoing investees despite having 50% or less equity ownership interest in them by virtue of a formal agreement with the respective other shareholders of the investees and the Parent Company's actual role in the investees' operations. Accordingly, the said entities are accounted for as subsidiaries.

(j) Distinguishing Between Business Combination and Asset Acquisition

The Parent Company determines whether an acquisition of an entity constitutes a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a business taking into consideration the substance of the transaction. The Group evaluates whether an acquired entity is capable of being conducted and managed as a business by assessing the integrated set of activities and assets based on at least two essential elements – inputs and processes applied to those inputs, which together are or will be used to create outputs. Otherwise, the transaction is accounted for as an asset acquisition. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transaction.

Management assessed that the acquisition of the outstanding shares of GGTT in 2020, as discussed in Note 1.2, does not qualify as business acquisition under PFRS 3, but is rather an acquisition of assets.

(k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligations Satisfied Over Time

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

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

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

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgement in the estimation of the contractual cash flows due from counterparties that the Group would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 30.2(b).

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

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The future realization of the carrying amounts of real estate inventory as presented in Note 7, is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's real estate inventories within the next financial reporting period.

Considering the Group's pricing policy, the net realizable values of real estate inventories for sale are determined to be higher than their related costs.

(e) Estimation of Useful Lives of Property and Equipment, Investment Properties and Right-of-use Assets

The Group estimates the useful lives of property and equipment, investment properties and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, right-of use assets and investment properties are analyzed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2021 and 2020, there is no change in estimated useful lives of these assets during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned.

(f) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.16).

Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management assessed that no impairment loss is required to be provided on its significant non-financial assets, particularly property and equipment, right-of-use assets and investment properties, as at December 31, 2021, 2020 and 2019.

(g) Valuation of Post-employment Defined Benefit Obligation

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

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

(b) Fair Value Measurement for Investment Properties

Investment properties are measured using the cost model. The fair value of investment property held for capital appreciation and to earn rental income disclosed in the consolidated financial statements is determined by the Group based on the appraisal reports of a professional and independent appraiser. The fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets being disclosed.

The fair value the Group's investment properties as at December 31, 2021 and 2020 is disclosed in Notes 13 and 31.3.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

Segment accounting policies are the same as the policies described in Note 2.19. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

The following tables present revenue and profit information regarding industry segments for the years ended December 31, 2021, 2020 and 2019 and certain assets and liabilities information regarding segments as at December 31, 2021 and 2020:

			2021		
	Real Estate	**Rental**	**Management Services**	**Hotel Operations**	**Total**
REVENUES					
Sale to external customer	P 10,996,247,695	P 74,271,999	P 42,967,413	P 48,683,577	P 11,162,170,684
Intersegment sales	(83,694,730)	2,607,317	112,754,994	-	31,667,581
Total revenues	10,912,552,965	76,879,316	155,722,407	48,683,577	11,193,838,265
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	5,834,729,247	63,259	18,740,197	20,693,997	5,874,226,700
Operating expenses excluding depreciation and amortization	1,926,845,038	7,813,579	3,253,570	48,400,793	1,986,312,980
Depreciation and amortization	79,388,040	42,410,823	-	-	121,798,863
Total costs and expenses	7,840,962,325	50,287,661	21,993,767	69,094,790	7,982,338,543
FINANCE COST (INCOME)					
Interest expense on:					
Loans	206,602,933	1,576,018	656,253	-	208,835,204
Lease liabilities	67,139,552	-	-	-	67,139,552
Interest income on banks	(5,992,874)	(49,612)	(20,658)	(155,633)	(6,218,777)
Total finance cost (income)	267,749,611	1,526,406	635,595	(155,633)	269,755,979
SEGMENT PROFIT (LOSS) BEFORE TAX	**P 2,803,841,029**	**P 25,065,249**	**P 133,093,045**	**(P 20,255,580)**	**P 2,941,743,743**
ASSETS AND LIABILITIES					
Segment assets	**P 59,241,930,021**	**P 13,257,992,141**	**P 47,761,136**	**P 668,752,885**	**P 73,216,436,183**
Segment liabilities	**47,210,106,719**	**36,400,266**	**8,264,159**	**476,195,105**	**47,730,966,249**

			2020		
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 8,146,432,329	P 55,237,972	P 42,591,886	P 54,558,131	P 8,298,820,318
Intersegment sales	32,386,714	6,290,421	51,071,575	-	89,748,710
Total revenues	8,178,819,043	61,528,393	93,663,461	54,558,131	8,388,569,028
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	4,208,259,774	-	14,537,862	19,620,573	4,242,418,209
Operating expenses excluding depreciation and amortization	1,213,385,183	6,692,007	2,381,485	43,355,942	1,265,814,617
Depreciation and amortization	64,330,744	39,693,249	95,630	-	104,119,623
Reversal of impairment losses	-	-	252,478	-	252,478
Total costs and expenses	5,485,975,701	46,385,256	17,267,455	62,976,515	5,612,604,927
FINANCE COST (INCOME)					
Interest expense on:					
Loans	8,677,442	-	-	-	8,677,442
Lease liabilities	-	8,505,235	-	48,622,585	57,127,820
Amortization of day one loss - net	(30,761,435)	-	-	-	(30,761,435)
Interest income on banks	(8,701,101)	-	-	-	(8,701,101)
Total finance cost (income)	(30,785,094)	8,505,235	-	48,622,585	26,342,726
SEGMENT PROFIT (LOSS) BEFORE TAX	P 2,723,628,436	P 6,637,902	P 76,396,006	(P 57,040,969)	P 2,749,621,375

	2020 Real Estate	2020 Rental	2020 Management Services	2020 Hotel Operations	2020 Total
ASSETS AND LIABILITIES					
Segment assets	P 40,383,454,972	P10,109,861,036	P 26,525,944	P 397,946,646	P 50,917,788,598
Segment liabilities	33,012,060,943	29,854,341	5,536,745	186,205,150	33,233,657,179

	2019 Real Estate	2019 Rental	2019 Management Services	2019 Hotel Operations	2019 Total
REVENUES					
Sale to external customer	P 8,390,526,495	P 63,159,194	P 36,837,490	P 8,524,756	P 8,499,047,935
Intersegment sales	67,244,500	-	40,954,771	-	108,199,271
Total revenues	8,457,770,995	63,159,194	77,792,261	8,524,756	8,607,247,206
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	4,296,571,881	179,375	11,031,084	5,404,138	4,313,186,478
Operating expenses excluding depreciation and amortization	1,162,600,452	1,177,450	244,578	48,926	1,164,071,406
Depreciation and amortization	41,224,152	19,475,668	64,171	-	60,763,991
Reversal of impairment losses	(69,462,639)	-	-	-	(69,462,639)
Total costs and expenses	5,430,933,846	20,832,493	11,339,833	5,453,064	5,468,559,236
FINANCE COST (INCOME)					
Interest expense on:					
Loans	33,629,596	-	-	-	33,629,596
Lease liabilities	-	10,847,248	-	-	10,847,248
Post-employment defined benefit obligation	449,368	-	-	-	449,368
Amortization of day one loss on non-current contract receivables – net	(26,971,237)	-	-	-	(26,971,237)
Interest income on banks	(24,599,602)	-	-	-	(24,599,602)
Total finance cost (income)	(17,491,875)	10,847,248	-	-	(6,644,627)
SEGMENT PROFIT BEFORE TAX	P 3,044,329,024	P 31,479,453	P 66,452,428	P 3,071,692	P 3,145,332,597

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.

4.5 Reconciliation

Following is a reconciliation of the Group's segment information to the key financial information presented in its financial statements.

	2021	2020	2019
Revenues			
Total segment revenues	**P 11,193,838,265**	P 8,388,569,028	P 8,607,247,206
Elimination of intersegment revenues	**(31,667,581)**	(89,748,710)	(108,199,271)
Revenues as reported in profit or loss	**P 11,162,170,684**	P 8,298,820,318	P 8,499,047,935
Profit or loss			
Segment profit before tax	**P 2,941,743,743**	P 2,749,621,375	P 3,145,332,597
Elimination of intersegment accounts	**41,419,431**	(25,428,578)	(16,033,381)
Other operating income	**257,229,190**	68,597,820	53,133,383
Share in net loss in associates	**(4,229,178)**	(615,777)	(326,580)
Other losses - net	**(132,572,525)**	(593,932)	(612,295)
Profit before tax as reported in profit or loss	**P 3,103,590,661**	P 2,791,580,908	P 3,181,493,724
Assets			
Segment assets and total assets reported in statements of financial position	**P73,216,436,183**	P 50,917,788,598	
Elimination of intercompany accounts	**(6,564,330,750)**	(827,287,155)	
Total assets as reported in statements of financial position	**P66,652,105,433**	P 50,090,501,443	
Liabilities			
Segment liabilities	**P47,730,966,249**	P 33,233,657,179	
Deferred tax liabilities	**2,063,035,449**	1,707,563,195	
Elimination of intercompany accounts	**(1,074,077,789)**	(377,960,389)	
Total liabilities as reported in statements of financial position	**P48,719,923,909**	P 34,563,259,985	

5. CASH AND CASH EQUIVALENTS

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

	2021	2020
Cash on hand	**P 4,544,386**	P 3,929,500
Cash in banks	**769,344,992**	751,514,323
Short-term placements	**321,932,538**	41,740,967
	P 1,095,821,916	P 797,184,790

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 10 to 90 days and earn effective interest of 0.75% per annum in 2021, and ranging from 1.19% to 2.20% and 1.74% to 6.00% per annum in 2020 and 2019, respectively.

Interest income earned from cash and cash equivalents amounted to P6,528,935, P8,701,101 and P24,599,602 in 2021, 2020 and 2019, respectively, and are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 22).

6. RECEIVABLES

This account includes the following:

	Notes	2021	2020
Contract receivables:			
Third parties		**P5,360,189,498**	P5,550,553,929
Related parties	25.3, 25.2	**137,597,839**	257,432,271
Retention receivable		**81,429,356**	57,707,728
Rent receivable		**61,234,152**	66,636,064
Management fee receivable		**50,087,038**	27,506,262
Receivables from hotel operations		**21,414,128**	3,296,708
Advances to officers and employees		**1,443,532**	16,558,780
Other receivables		**292,976,075**	162,867,714
		6,006,371,618	6,142,559,457
Allowance for impairment	30.2*(c)*	**(600,695)**	(600,695)
		P6,005,770,923	P6,141,958,762

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

	2021	2020
Current	**P5,844,643,647**	P6,020,754,434
Non-current	**161,127,276**	121,204,328
	P6,005,770,923	P6,141,958,762

Buyers of real estate properties are given two to four years to complete the equity amortization which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement by the buyer's chosen financing institution of the buyer's account within 12 months. Title to real estate properties are transferred to the buyers once full payment has been made. Hence, contract receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P1,300,077 and P2,461,014 as at December 31, 2021 and 2020, respectively. Amortization of day one gain of noninterest-bearing contract receivables, net of day one loss, amounted to P1,160,937, P30,761,435 and P26,971,237 in 2021, 2020 and 2019, respectively, and presented as part of Finance Income in the consolidated statements of profit or loss (see Note 22).

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group.

Advances to officers and employees are composed of advances intended for the Group's operations and are subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. A reconciliation of the allowance for impairment at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P 600,695**	P 348,217
Impairment losses	-	252,478
Balance at end of year	**P 600,695**	P 600,695

7. REAL ESTATE INVENTORIES

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

	Notes	2021	2020
Subdivision units		**P 509,213,661**	P 419,174,144
Condominium units		**481,000,844**	696,385,131
		990,214,505	1,115,559,275
Construction-in-progress (CIP):			
Land development costs	10*(b)*	**11,358,311,375**	4,549,275,173
Condominium building costs		**3,092,544,557**	2,391,243,922
Housing costs		**1,202,816,678**	1,096,020,640
		15,653,672,610	8,036,539,735
Raw land inventory	8	**2,064,870,438**	4,246,082,837
		P 18,708,757,553	P13,398,181,847

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. In 2021 and 2020, the Group reclassified deposits on land for future development amounting to P1,076,100,742 and P1,457,731,053, respectively, to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated during the reporting period (see Note 8).

On July 16, 2020, CLI entered into a subscription contact with GGTT, whereby CLI agreed to subscribe to 500,000 shares of GGTT after SEC's approval of GGTT's application for increase in authorized capital stock, for a subscription price of P177,730,000 or P355.46 per share. Prior to and at the time of subscription of CLI, substantially all of the fair value of the gross assets of GGTT is concentrated in a single identifiable asset, which is a parcel of land. After its subscription to the shares of GGTT, CLI now holds 50% ownership interest in GGTT. However, in accordance with the Group's policy [see Notes 2.4 and 3.1(j)], the transaction is accounted for by the Group as an asset acquisition since the transaction does not constitute an acquisition of a business (see also Note 1.2). As such the total purchase price at acquisition date amounting to P177,730,000 was allocated to the land and is included as part of raw land inventory as at December 31, 2020.

Borrowing costs that are capitalized as part of real estate inventory amounted to P1,104,112,548 and P898,039,007 2021 and 2020, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). Capitalization rate used for specific borrowings ranges from 4.25% to 7.25% and 4.00% to 6.25% for the years ended December 31, 2021 and 2020, respectively.

In 2021 and 2020, the Group reclassified investment properties totaling P1,840,846,826 and P997,649,685, respectively, to real estate inventories (see Note 13).

As at December 31, 2021 and 2020, real estate inventories totaling to P9,388,860,245 and P6,313,953,917, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

8. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Currently, this account includes only advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects (see Note 2.7). A reconciliation of the deposits on land for future development is presented below.

	Notes	2021	2020
Balance at beginning of year		**P 699,772,860**	P1,289,398,997
Additions		**376,327,882**	868,104,916
Transferred to raw land inventory	7	**(1,076,100,742)**	(1,457,731,053)
Balance at end of year		**P -**	P 699,772,860

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

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	2021	2020
Advances to subcontractors	**P1,845,467,300**	P1,087,635,323
Input VAT and deferred input VAT	**1,174,824,254**	684,996,056
Prepaid commissions	**1,038,929,121**	862,373,242
Advances to suppliers	**302,615,456**	288,283,971
Short-term investments	**149,901,854**	-
Prepaid expenses	**41,371,168**	64,561,537
Others	**184,303,136**	32,019,552
	P4,737,412,289	P 3,019,869,681

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of subdivision and condominium units for sale. These are applied against the progress billings of subcontractors.

In 2021, 2020 and 2019, the Group expensed prepaid commissions of P725,648,666, P429,725,150, and P301,751,479, 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, earning effective interest ranging from 1.20% to 1.90% per annum.

Prepaid expenses include advance payment for insurance and rent.

10. INVESTMENTS IN ASSOCIATES

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P 129,852,662**	P 16,378,423
Additional investments	**25,310,918**	114,090,016
Reclassification	**(15,869,472)**	-
Share in net loss during the year	**(4,229,178)**	(615,777)
Balance at end of year	**P 135,064,930**	P 129,852,662

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2021 is shown below.

	Magspeak	**MDC**	**ICOM**	**Total**
Cost				
Balance at beginning of year	P 18,235,096	P 21,600,000	P 96,490,016	P 136,325,112
Additional investments	7,500,000	-	17,810,918	25,310,918
Reclassification	-	(21,600,000)	-	(21,600,000)
Balance at end of year	25,735,096	-	114,300,934	140,036,030
Accumulated equity in net losses				
Balance at beginning of year	(849,697)	(5,541,682)	(81,071)	(6,472,450)
Equity in net loss during the year	(637,753)	(188,846)	(3,402,579)	(4,229,178)
Reclassification	-	5,730,528	-	5,730,528
Balance at end of year	(1,487,450)	-	(3,483,650)	(4,971,100)
Net carrying amount	**P 24,247,646**	**P -**	**P 110,817,284**	**P 135,064,930**

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2020 is shown below.

	Magspeak	MDC	ICOM	Total
Cost				
Balance at beginning of year	P 10,635,096	P 11,600,000	P -	P 22,235,096
Additional investments	7,600,000	10,000,000	96,490,016	114,090,016
Balance at end of year	18,235,096	21,600,000	96,490,016	136,325,112
Accumulated equity in net losses				
Balance at beginning of year	(542,354)	(5,314,319)	-	(5,856,673)
Equity in net loss during the year	(307,343)	(227,363)	(81,071)	(615,777)
Balance at end of year	(849,697)	(5,541,682)	(81,071)	(6,472,450)
Net carrying amount	P 17,385,399	P 16,058,318	P 96,408,945	P 129,852,662

(a) Magspeak

Significant information on Magspeak's financial position as at December 31, 2021 and 2020, and financial performance for the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021	2020
Current assets	**P 30,659,907**	P 33,657,703
Non-current assets	**56,329,911**	16,828,516
Total assets	**P 86,989,818**	P 50,486,219
Current liabilities	**P 11,125,780**	P 7,696,167
Non-current liabilities	**-**	-
Total liabilities	**P 11,125,780**	P 7,696,167

	2021	2020	2019
Revenues	**P -**	P -	P -
Net loss	**(P 2,551,014)**	(P 1,233,204)	(P 240,780)
Other comprehensive income	**-**	-	-
Total comprehensive loss	**(P 2,551,014)**	(P 1,233,204)	(P 240,780)

The Parent Company's share in the net assets of Magspeak as of December 31, 2021 and 2020 which agrees with the carrying amount of the investment in Magspeak is shown below.

	2021	2020
Net assets of Magspeak	**P 75,864,038**	P 43,258,879
Proportion of equity interest by the Parent Company	**25%**	25%
Parent Company's share in the net assets of Magspeak	**18,966,010**	10,814,720
Other stockholders unpaid subscription	**5,281,636**	6,570,679
Carrying amount of investment	**P 24,247,646**	P 17,385,399

(b) MDC

On June 22, 2021, CLI assumed control of the MDC by acquiring additional 6,379,980 common shares of MDC from nine other stockholders. CLI became the Company's parent company with a 77.69% ownership interest of the MDC's outstanding shares, an increase from its previously held 20% ownership interest. Such acquisition was considered as a business combination achieved in stages, otherwise known as step-up acquisition (see Note 1.2).

Upon acquisition, CLI remeasured its investment in an associate to its acquisition-date fair value and recognized a Gain on remeasurement of investments in associates presented under Other Operating Income in the 2021 statement of profit or loss (see Note 20.1), computed as follows.

Acquisition-date fair value of previously held interest	P	48,307,983
Acquisition-date carrying value of investment in associate	(	15,869,472)
Gain on remeasurement	**P**	**32,438,511**

The fair values of the identifiable assets acquired and liabilities assumed from the increased acquisition in MDC as at the date of acquisition and the total consideration used are presented below.

Consideration made:		
Consideration transferred on additional acquisition	P	159,499,500
Acquisition-date fair value of previously held interest		48,307,983
Amount of non-controlling interest		59,692,017
		267,499,500
Fair value of net assets acquired:		
Cash	P	18,088,271
Real estate inventory		245,551,610
Other current assets		5,775,694
Trade and other payables	(	1,880,803)
Due to a related party	(	35,272)
		267,499,500
Goodwill	**P**	**-**

Non-controlling interest was computed using the proportionate share in the recognized amounts of the acquiree's identifiable net assets. There were no trade and other receivables acquired and no contingent consideration arising from the foregoing transaction. The acquisition-related costs for this transaction were also immaterial. Moreover, the acquisition did not result to any goodwill or any gain on bargain purchase.

The total revenues and net losses of MDC included in the 2021 consolidated statement of comprehensive income since acquisition date are nil and P2,330,126, respectively. Had the acquisition occurred at the beginning of the year, the total revenues and net losses of MDC to be included in the 2021 consolidated statement of comprehensive income are nil and P4,329,135, respectively.

Significant information on MDC's financial position as at December 31, 2020 and financial performance for the years ended December 31, 2020 and 2019 are as follows:

Current assets	P	65,955,938
Non-current assets		-
Total assets	P	65,955,938
Current liabilities	P	1,664,545
Non-current liabilities		-
Total liabilities	P	1,664,545

	2020	2019
Total revenues	P -	P -
Net loss	(P 1,137,438)	(P 240,780)
Other comprehensive income	-	-
Total comprehensive loss	(P 1,137,438)	(P 240,780)

The Parent Company's share in the net assets of MDC as of December 31, 2020 which agrees with the carrying amount of the investment in MDC is shown below.

	2020
Net assets of MDC	P 64,291,393
Proportion of equity interest by the Parent Company	20%
Parent Company's share in the net assets of MDC	12,858,278
Other stockholders unpaid subscription	3,200,040
Carrying amount of investment	P 16,058,318

(c) ICOM AIR

Significant information on ICOM's financial position and financial performance as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P 33,287,705**	P 10,814,980
Non-current assets	**306,275,863**	282,680,639
Total assets	**P 339,563,568**	P 293,495,619
Current liabilities	**P 7,214,820**	P 28,292,126
Non-current liabilities	**39,943,000**	-
Total liabilities	**P 47,157,820**	P 28,292,126
Revenues	**P 8,312,631**	P -
Net loss	**(P 10,310,845)**	(P 243,207)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 10,310,845)**	(P 243,207)

The Parent Company's share in the net assets of ICOM as of December 31, 2021 and 2020 which agrees with the carrying amount of the investment in ICOM is shown in the next page.

	2021	2020
Net assets of ICOM	**P 292,405,748**	P 265,203,493
Proportion of equity interest by the Parent Company	**33%**	33%
Parent Company's share in the net assets of ICOM	**97,468,583**	88,401,164
Other stockholders unpaid subscription	**13,348,701**	8,007,781
Carrying amount of investment	**P 110,817,284**	P 96,408,945

Shares in net losses of associates totaling P4,229,178, P615,777 and P326,580 were recognized in 2021, 2020 and 2019, respectively, in the consolidated statements of profit or loss.

There were no dividends received from the Group's associates in 2021, 2020 and 2019.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2021 and 2020 are shown below.

	Land	Building	Office Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2021								
Cost	P 140,896,820	P 313,420,883	P 91,775,926	P 59,603,223	P 36,731,888	P 12,514,727	P 471,807,019	P 1,126,750,486
Accumulated depreciation and amortization	-	(102,246,056)	(40,841,416)	(39,453,413)	(23,778,921)	(4,758,977)	-	(211,078,783)
Net carrying amount	**P 140,896,820**	**P 211,174,827**	**P 50,934,510**	**P 20,149,810**	**P 12,952,967**	**P 7,755,750**	**P 471,807,019**	**P 915,671,703**
December 31, 2020								
Cost	P 140,896,820	P 255,033,535	P 70,755,434	P 46,189,920	P 28,848,061	P 4,585,537	P 269,748,169	P 816,057,476
Accumulated depreciation and amortization	-	(84,445,236)	(31,271,468)	(33,586,991)	(19,911,373)	(3,454,802)	-	(172,669,870)
Net carrying amount	P 140,896,820	P 170,588,299	P 39,483,966	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606
January 1, 2020								
Cost	P 139,198,121	P 147,503,733	P 52,750,891	P 50,638,536	P 21,833,195	P 2,355,282	P 16,673,810	P 430,953,568
Accumulated depreciation and amortization	-	(46,341,468)	(17,125,820)	(26,982,786)	(12,790,293)	(1,992,481)	-	(105,232,848)
Net carrying amount	P 139,198,121	P 101,162,265	P 35,625,071	P 23,655,750	P 9,042,902	P 362,801	P 16,673,810	P 325,720,720

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2021 and 2020 is shown below.

	Land	Building	Office Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 140,896,820	P 170,588,299	P 39,483,966	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606
Additions	-	11,827,275	21,178,971	13,413,303	8,401,409	7,929,190	237,085,854	299,836,002
Disposals	-	-	(23,178)	-	(69,360)	-	-	(92,538)
Reclassification	-	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization for the year	-	(14,244,790)	(9,613,285)	(5,866,422)	(4,315,770)	(1,304,175)	-	(35,344,442)
Balance at December 31, 2021 net of accumulated depreciation and amortization	**P 140,896,820**	**P 211,174,827**	**P 50,934,510**	**P 20,149,810**	**P 12,952,967**	**P 7,755,750**	**P 471,807,019**	**P 915,671,703**

	Land	Building	Office Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2020 net of accumulated depreciation and amortization	P 139,794,060	P 83,076,321	P 38,833,292	P 11,220,784	P 10,019,737	P 97,701	P 72,079,085	P 355,120,980
Additions	-	19,542,518	8,286,592	5,177,704	2,762,373	2,254,898	197,669,084	235,693,169
Reclassification	1,102,760	85,001,437	-	-	-		-	86,104,197
Depreciation and amortization for the year	-	(17,031,977)	(7,635,918)	(3,795,559)	(3,845,422)	(1,221,864)	-	(33,530,740)
Balance at December 31, 2020 net of accumulated depreciation and amortization	P 140,896,820	P 170,588,299	P 39,483,966	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606
Balance at January 1, 2019 net of accumulated depreciation and amortization	P 139,198,121	P 101,162,265	P 35,625,071	P 23,655,750	P 9,042,902	P 362,801	P 16,673,810	P 325,720,720
Additions	595,939	2,985,847	9,964,093	7,152,251	4,535,518	-	55,405,275	80,638,923
Reclassification	-	-	(246,142)	(16,778,571)	(144,982)	(24,643)	-	(17,194,338)
Depreciation and amortization for the year	-	(21,071,791)	(6,509,730)	(2,808,646)	(3,413,701)	(240,457)	-	(34,044,325)
Balance at December 31, 2019 net of accumulated depreciation and amortization	P 139,794,060	P 83,076,321	P 38,833,292	P 11,220,784	P 10,019,737	P 97,701	P 72,079,085	P 355,120,980

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

In 2021 and 2020, the Group reclassified certain retail building previously presented as Investment Properties with an aggregate amount of P7,977,039 and P86,104,197, respectively, to property and equipment (see Note 13) because CLI used these units as one of its offices.

Certain office equipment and furniture and fixtures of the Parent Company with an aggregate carrying amount of P92,538 were sold in 2021 for a total of P75,961. The Parent Company recognized a net loss on disposal amounting to P16,577 (see Note 20.2).

Certain land, building, office equipment, furniture and fixtures and construction in progress with an aggregate carrying amount of P620,695,904 and P64,404,721 as at December 31, 2021 and 2020, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

As at December 31, 2021 and 2020, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to P96,606,491 and P80,220,251, respectively.

12. LEASES

In 2021 and 2020, the Group entered into lease contracts, as lessee, for leases of land and an office space. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the consolidated statements of financial position as Right-of-use Assets and the corresponding obligation, as Lease Liabilities. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term.

Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2021 and 2020 consolidated statement of financial position.

	Number of right of-use assets leased	Lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination options
Land	5	5 to 41 years	-	-	-
Office space	2	2 to 4 years	1	-	1

12.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at December 31, 2021 and 2020 and the movements during the year are shown below.

	Land	Office Space	Total
December 31, 2021			
Cost			
Balance at beginning of year	P 971,236,695	P 8,556,881	P 979,793,576
Additions	282,694,092	7,321,040	290,015,132
Amendment of lease contract	(44,048,105)	-	(44,048,105)
Balance at end of year	1,209,882,682	15,877,921	1,225,760,603
Accumulated amortization			
Balance at beginning of year	26,308,480	2,580,647	28,889,127
Amortization	41,526,169	2,491,180	44,017,349
Balance at end of year	67,834,649	5,071,827	72,906,476
Carrying amount at December 31, 2021	**P 1,142,048,033**	**P 10,806,094**	**P 1,152,854,127**
December 31, 2020			
Cost			
Balance at beginning of year	P 171,439,329	P 8,556,881	P 179,996,210
Additions	818,482,704	-	818,482,704
Amendment of lease contract	(18,685,338)	-	(18,685,338)
Balance at end of year	971,236,695	8,556,881	979,793,576
Accumulated amortization			
Balance at beginning of year	4,285,983	950,764	5,236,747
Amortization	22,022,497	1,629,883	23,652,380
Balance at end of year	26,308,480	2,580,647	28,889,127
Carrying amount at December 31, 2020	P 944,928,215	P 5,976,234	P 950,904,449

The additional right-of-use assets in 2021 pertain to a 25-year lease contract for a piece of land intended for the development of a new real estate project (dormitory with retail and warehouse spaces) and a five-year lease contract for an office space. The additions in 2020 pertain to a lease contract for a period of 43 years covering a piece of land which will be the site of another real estate project (leasing and hotel operations) of the Group.

12.2 Lease Liabilities

Lease liabilities presented in the consolidated statements of financial position as follows:

	2021	2020
Current	**P 3,288,349**	P 1,634,080
Non-current	**1,122,841,952**	833,099,895
	P 1,126,130,301	P 834,733,975

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 Group paid advance rentals of P100,944,000 in 2020, at the start of the lease of land which will be applied to the first two to five years of the lease term. This amount was deducted from the lease liabilities as at December 31, 2020.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities are as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2021							
Lease payments	P 34,721,673	P 53,119,361	P 55,214,074	P 55,104,221	P 67,203,542	P3,543,106,066	P 3,808,468,937
Finance charges	(31,433,324)	(118,086,952)	(82,618,076)	(80,440,172)	(82,009,070)	(2,287,751,042)	(2,682,338,636)
Net present values	**P 3,288,349**	**(P 64,967,591)**	**(P 27,404,002)**	**(P 25,335,951)**	**(P 14,805,528)**	**P1,255,355,024**	**P 1,126,130,301**
December 31, 2020							
Lease payments	P 38,469,635	P 20,241,703	P 37,437,295	P 37,880,948	P 37,189,895	P3,178,713,559	P 3,349,933,035
Finance charges	(36,835,555)	(81,689,153)	(62,378,791)	(64,316,641)	(66,399,267)	(2,203,579,653)	(2,515,199,060)
Net present values	P 1,634,080	(P 61,447,450)	(P 24,941,496)	(P 26,435,693)	(P 29,209,372)	P 975,133,906	P 834,733,975

12.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets has an aggregate amount of P23,699,072, P18,441,626 and P33,941,185 in 2021, 2020 and 2019, respectively, and is presented as Rent under Operating Expenses in the consolidated statements of profit of loss (see Note 19).

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P57,537,727, P162,467,669 and P50,576,000 in 2021, 2020 and 2019, respectively, including the interest expense in relation to the lease liabilities amounting to P67,139,552, P57,127,820 and P10,847,248, 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).

13. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for development of properties, condominium units and retail building for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2021 and 2020 are shown below.

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
December 31, 2021						
Costs	P 776,845,974	P 828,036,331	P 33,036,981	P 5,449,949,151	P 6,306,290,741	P13,394,159,178
Accumulated depreciation	(49,310,883)	(97,154,410)	(7,570,223)	-	-	(154,035,516)
Carrying amount	**P 727,535,091**	**P 730,881,921**	**P 25,466,758**	**P 5,449,949,151**	**P 6,306,290,741**	**P13,240,123,662**
December 31, 2020						
Costs	P 595,061,927	P 551,960,802	P 31,371,804	P 5,742,622,708	P 3,287,906,544	P10,208,923,785
Accumulated depreciation	(33,635,295)	(75,583,112)	(5,962,316)	-	-	(115,180,723)
Carrying amount	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P10,093,743,062
January 1, 2020						
Costs	P 100,228,005	P 285,413,555	P 31,371,804	P 5,742,274,541	P 2,821,044,269	P 8,980,332,174
Accumulated depreciation	(15,112,259)	(55,981,489)	(4,393,726)	-	-	(75,487,474)
Carrying amount	P 85,115,746	P 229,432,066	P 26,978,078	P 5,742,274,541	P 2,821,044,269	P 8,904,844,700

A reconciliation of the carrying amounts of investment properties at the beginning and end of year 2021 and 2020 is shown below.

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
Balance at January 1, 2021 net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P10,093,743,062
Additions	696,786	-	-	740,506,424	4,296,412,078	5,037,615,288
Reclassifications	184,643,291	276,075,529	1,665,177	(1,033,179,981)	(1,278,027,881)	(1,848,823,865)
Depreciation during the year	(19,231,618)	(21,571,298)	(1,607,907)	-	-	(42,410,823)
Balance at December 31, 2021 net of accumulated depreciation	**P 727,535,091**	**P 730,881,921**	**P 25,466,758**	**P 5,449,949,151**	**P 6,306,290,741**	**P 13,240,123,662**
Balance at January 1, 2020 net of accumulated depreciation	P 85,115,746	P 229,432,066	P 26,978,078	P 5,742,274,541	P 2,821,044,269	P 8,904,844,700
Additions	-	-	-	348,167	2,311,995,526	2,312,343,693
Reclassifications	494,833,922	266,547,247	-	-	(1,845,133,252)	(1,083,752,083)
Depreciation during the year	(18,523,036)	(19,601,623)	(1,568,590)	-	-	(39,693,249)
Balance at December 31, 2020 net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P10,093,743,062
Balance at January 1, 2019 net of accumulated depreciation	P 33,752,146	P 243,702,744	P 28,546,668	P 4,576,694,945	P 816,408,411	P 5,699,104,914
Additions	55,000,000	-	-	20,821,063	2,456,595,714	2,532,416,777
Reclassifications	-	-	-	1,144,758,533	(451,959,856)	692,798,677
Depreciation during the year	(3,636,400)	(14,270,678)	(1,568,590)	-	-	(19,475,668)
Balance at December 31, 2019 net of accumulated depreciation	P 85,115,746	P 229,432,066	P 26,978,078	P 5,742,274,541	P 2,821,044,269	P 8,904,844,700

In 2021, the Group reclassified certain investment properties with aggregate carrying amounts of P1,840,846,826 and P7,977,039 to real estate inventories and property and equipment, respectively. Similarly in 2020, the Group reclassified investment properties totaling P997,649,685 and P86,104,197 to real estate inventories and property and equipment, respectively (see Notes 7 and 11). These reclassifications were made as a result of the change in the use of the properties from being held for lease to being held for sale and for use in the operations.

Borrowing costs that are capitalized as part of investment property amounted to P172,188,624 and P224,350,878 in 2021 and 2020, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). Capitalization rate used for specific borrowings ranges from 4.25% to 7.25% and 4.00% to 6.25% for the years ended December 31, 2021 and 2020, respectively.

Income and expenses from investment properties for the years ended December 31, 2021, 2020 and 2019 are presented below.

	Notes	2021	2020	2019
Rental income:	17.1			
Retail building		**P 68,244,532**	P 52,925,898	P 32,594,457
Condominium units		**3,882,427**	1,837,157	29,929,142
Parking units		**728,102**	474,917	635,595
Others		**1,416,939**	-	-
		P 74,272,000	P 55,237,972	P 63,159,194
Expenses:				
Depreciation	18	**P 42,410,823**	P 39,693,249	P 19,475,668
Repairs and maintenance	19	**2,041,149**	509,627	330,829
Others	18	**63,259**	-	179,375
		P 44,515,231	P 40,202,876	P 19,985,872

The depreciation and other expenses are included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2021, 2020 and 2019 (see Note 18).

Investment properties have a total fair value of P16,210,917,528 and P11,943,650,421 as at December 31, 2021 and 2020, respectively, based on the appraisal done by an independent expert [see Note 31.3*(c)*]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Group's investment properties as at December 31, 2021 and 2020 [see also Note 3.2*(f)*].

Investment properties with a total carrying amount of P6,782,367,866 and P1,798,577,632 as at December 31, 2021 and 2020, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

14. OTHER NON-CURRENT ASSETS

This account includes the following:

	2021	2020
Advances to subcontractors	**P 165,368,935**	P 209,505,401
Refundable deposits	**94,473,055**	78,003,269
Computer software – net of accumulated amortization of P23,143,372 and P14,59,826, respectively	**37,129,364**	35,869,967
Investment in equity securities	**9,375,002**	5,468,752
Deferred input VAT	**4,624,926**	5,549,979
Others	**1,917,592**	2,647,357
	P 312,888,874	P 337,044,725

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 P10,242,943, P8,960,023 and P33,955,601 in 2021, 2020 and 2019, respectively. The amortization expense on the computer software amounted to P8,988,002, P7,243,253 and P2,007,251 in 2021, 2020 and 2019, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 19).

15. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the consolidated statements of financial position as follows:

	Note	2021	2020
Current:			
Bank loans	15.1	**P 5,268,262,872**	P 1,416,685,017
Corporate notes	15.2	**3,545,238,195**	2,017,857,143
		8,813,501,067	3,434,542,160
Non-current:			
Bank loans	15.1	**10,913,679,792**	7,533,149,676
Corporate notes	15.2	**12,294,538,531**	12,826,291,875
		23,208,218,323	20,359,441,551
		P32,021,719,390	P23,793,983,711

15.1 Bank Loans

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

	2021	2020
Balance at beginning of year	**P 8,949,834,693**	P 9,923,711,949
Proceeds and drawdowns – net	**11,475,252,839**	4,692,123,374
Repayments	**(4,270,490,796)**	(5,672,248,772)
Amortization of debt issue costs	**27,345,928**	6,248,142
Balance at end of year	**P 16,181,942,664**	P 8,949,834,693

The unamortized debt issue cost as at December 31, 2021 and 2020 amounts to P64,046,933 and P22,600,198, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P 22,600,198**	P 22,038,714
Debt issue costs from new loans	**68,792,663**	6,809,626
Amortization of debt issue cost	**(27,345,928)**	(6,248,142)
Balance at end of the year	**P 64,046,933**	P 22,600,198

The loans bear interest rates per annum ranging from 1.71% to 6.25% in 2021, 1.84% to 7.13% in 2020 and 3.71% to 7.75% in 2019. 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 P16,791,924,015 and P8,176,936,270 as at December 31, 2021 and 2020, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 7, 11 and 13).

In 2021, the Group availed of new bank loans amounting to P11,475,252,839, net of debt issuance cost, which bear interest ranging from 3.88% to 6.25% and have maturity dates ranging from 2022 to 2034. Loans obtained in 2020 from various commercial banks amounting to P4,692,123,374, net of debt issuance cost, which bear interest ranging from 4.00% to 6.25% and have maturity dates ranging from 2021 to 2027.

The total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P612,575,458, P475,802,271 and P469,894,618 in 2021, 2020 and 2019, respectively, and of which P414,515,526, P473,363,035 and P436,265,022, respectively, were capitalized as part of construction costs (see Notes 7 and 13). Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 4.25% to 7.25% and 4.00% to 6.25% for the years ended December 31, 2021 and 2020, respectively.

15.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) and short-dated note (SDN) amounting to P13,000,000,000 and P2,000,000,000, respectively.

	2021	2020
Balance at beginning of year	**P 14,844,149,018**	P 6,923,044,628
Proceeds and drawdowns – net	**2,972,763,158**	7,891,875,689
Repayments	**(2,017,857,143)**	-
Amortization of debt issue cost	**40,721,693**	29,228,701
Balance at end of the year	**P 15,839,776,726**	P14,844,149,018

The NFA is composed of the following tranches:

NFA	Date Executed	Tranche	Tenor		Principal Amount
LTCN	03/05/2020	Series D	Five years	P	1,300,000,000
		Series E	Seven years		5,700,000,000
		Series F	Ten years		1,000,000,000
	07/20/2018	Series A	Seven years		2,500,000,000
		Series B	Ten years		1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date		1,500,000,000
				P	13,000,000,000
SDN	04/30/2021	SDN 2	18 months from drawdown date	P	3,000,000,000
	10/25/2019	SDN 1	18 months from drawdown date		2,000,000,000
				P	5,000,000,000

The Parent Company made the following drawdowns from the NFA.

Year	Tranche	Interest Rate	Maturity Dates		Amount
2021	**SDN 2**	**3.88%**	**November 2022**	**P**	**3,000,000,000**
2020	Series D	3.46%	September 2025	P	1,300,000,000
	Series E	4.00% - 4.66%	April 2027		5,700,000,000
	Series F	4.23% - 5.23%	March 2030		1,000,000,000
				P	8,000,000,000
2019	Series A	7.25%	January 2026	P	2,000,000,000
	SDN 1	4.75%	April 2021		2,000,000,000
				P	4,000,000,000
2018	Series A	7.25%	December 2025	P	500,000,000
	Series B	6.63%	August – September 2028		1,000,000,000
	Series C	6.75%	October – December 2028		1,500,000,000
				P	3,000,000,000

In 2021 and 2020, the Parent Company recognized debt issuance costs for new NFA amounting to P27,236,842 and P108,124,311, respectively, which has a carrying amount of P183,087,824 and P185,079,683 as at December 31, 2021 and 2020, respectively, in relation to the drawdowns from the NFA. The debt issuance cost amortization in 2021 and 2020 amounted to P40,721,693 and P29,228,701, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA, including amortization of debt issuance cost, amounted to P861,785,646, P655,265,056 and P366,280,108 in 2021, 2020 and 2019, respectively, of which P861,785,646, P649,026,850 and P366,280,108 was capitalized as part of real estate inventories and investment properties in 2021, 2020 and 2019, respectively (see Notes 7 and 13).

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2021 and 2020, 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 P196,904,919, P8,677,442 and P33,629,596 in 2021, 2020 and 2019, respectively (see Note 21). The accrued interest on these loans amounts to P140,706,007 and P125,799,424 as at December 31, 2021 and 2020, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	Note	2021	2020
Current:			
Unbilled construction costs		**P 6,086,771,507**	P 3,444,486,727
Trade payables		**3,699,864,798**	1,717,167,163
Sales commissions payable		**1,529,749,549**	1,251,685,699
Retention payable		**698,516,297**	320,853,275
Accrued expenses	15	**179,239,081**	153,204,848
Output VAT		**96,352,902**	99,119,283
Government-related obligations		**98,835,287**	28,764,646
Advances from NCI for future stock subscription in subsidiaries		**11,641,010**	-
Other payables		**249,618,060**	241,950,723
		12,650,588,490	7,257,232,364
Non-current:			
Retention payable		**150,281,975**	209,603,913
Advance rental		**16,353,673**	14,493,616
Other payables		**3,141,464**	2,336,904
		169,777,112	226,434,433
		P 12,820,365,602	P 7,483,666,797

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the consolidated statements of financial position.

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. Presented below are revenues from its major product lines and geographical areas for the years ended December 31, 2021, 2020 and 2019.

	2021				
	Cebu	**Visayas**	**Mindanao**	**Luzon**	**Total**
Sale of real estate units					
Over time	P 5,968,595,568	P 2,519,430,086	P 2,313,454,074	P -	P10,801,479,728
At a point in time	117,211,523	32,795,711	29,159,733	15,601,000	194,767,967
	6,085,807,091	2,552,225,797	2,342,613,807	15,601,000	10,996,247,695
Lease of properties					
Over time	74,272,000	-	-	-	74,272,000
Hotel operations					
Over time	48,683,577	-	-	-	48,683,577
Render of management services					
Over time	35,645,074	-	7,322,338	-	42,967,412
	P 6,244,407,742	**P 2,552,225,797**	**P 2,349,936,145**	**P 15,601,000**	**P11,162,170,684**

	2020				
	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	P 3,930,384,286	P 1,910,041,689	P 1,781,112,311	P -	P 7,621,538,286
At a point in time	387,048,809	-	99,985,234	37,860,000	524,894,043
	4,317,433,095	1,910,041,689	1,881,097,545	37,860,000	8,146,432,329
Lease of properties					
Over time	55,237,972	-	-	-	55,237,972
Hotel operations					
Over time	54,558,131	-	-	-	54,558,131
Render of management services					
Over time	29,162,597	-	6,709,289	6,720,000	42,591,886
	P 4,456,391,795	P 1,910,041,689	P 1,887,806,834	P 44,580,000	P 8,298,820,318

	2019				
	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	P 3,275,592,365	P 1,682,132,713	P 1,659,000,384	P -	P 6,616,725,462
At a point in time	1,523,021,590	-	228,159,443	22,620,000	1,773,801,033
	4,798,613,955	1,682,132,713	1,887,159,827	22,620,000	8,390,526,495
Lease of properties					
Over time	63,159,194	-	-	-	63,159,194
Hotel operations					
Over time	8,524,756	-	-	-	8,524,756
Render of management services					
Over time	34,635,393	-	2,202,097	-	36,837,490
	P 4,904,933,298	P 1,682,132,713	P 1,889,361,924	P 22,620,000	P 8,499,047,935

17.2 Contract Balance

The breakdown of contract balances is as follows:

	2021	2020
Contract assets – net	**P 20,290,305,185**	P13,856,650,495
Contract liabilities	**(604,254,603)**	(532,649,347)
Contract assets – net	**P 19,686,050,582**	P 13,324,001,148

A reconciliation of the opening and closing balance of Contract Assets is shown below.

	2021	2020
Balance at beginning of year	**P 13,856,650,495**	P 8,892,510,028
Performance of property development	**9,166,391,835**	7,311,316,565
Transfers to contract receivables	**(1,278,408,752)**	(2,104,784,396)
Collections	**(1,454,328,393)**	(242,391,702)
Balance at end of year	**P 20,290,305,185**	P13,856,650,495

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's contract assets as at December 31, 2021 and 2020 are presented in the consolidated statements of the financial position as follows:

	2021	2020
Current	**P 6,558,006,000**	P 3,642,591,056
Non-current	**13,732,299,185**	10,214,059,439
	P 20,290,305,185	P13,856,650,495

A reconciliation of the opening and closing balance of Contract Liabilities is shown in below.

	2021	2020
Balance at beginning of year	**P 532,649,347**	P 418,967,659
Revenue recognized that was included in contract liability at the beginning of year	**(139,028,103)**	(218,652,268)
Increase due to cash received excluding amount recognized as revenue during the year	**210,633,359**	332,333,956
Balance at end of year	**P 604,254,603**	P 532,649,347

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted for and presented as Customers' Deposits in the consolidated statements of financial position. The balance of Customers' Deposits amounts to P89,897,007 and P196,124,012 as at December 31, 2021 and 2020, respectively.

Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

17.3 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2021 and 2020 is P10,784,939,911 and P9,987,105,852, respectively. As of December 31, 2021 and 2020, the Group expects to recognize revenue from unsatisfied contracts as follows:

	2021	2020
Within a year	**P 5,826,525,578**	P 3,342,692,006
More than one year to three years	**4,958,414,333**	6,644,413,846
	P 10,784,939,911	P 9,987,105,852

18. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below (see Note 19).

	Note	**2021**	2020	2019
Cost of real estate sales:				
Contracted services	19	**P4,846,649,738**	P3,463,826,643	P3,428,692,309
Land	19	**623,070,696**	201,523,220	661,053,922
Borrowing costs	19	**307,427,540**	394,329,036	135,900,814
Other costs		**113,233,414**	148,580,875	38,947,667
		5,890,381,388	4,208,259,774	4,264,594,712
Cost of rental services:				
Depreciation		**42,410,823**	39,693,249	19,475,668
Others		**63,259**	-	179,375
	13	**42,474,082**	39,693,249	19,655,043
Cost of management services:				
Salaries and wages		**18,716,268**	14,537,862	11,005,552
Materials and supplies		**23,929**	-	25,532
		18,740,197	14,537,862	11,031,084
Cost of hotel operations:				
Salaries and wages		**9,147,270**	5,971,450	3,302,116
Materials and supplies		**5,944,099**	6,030,712	1,094,126
Utilities		**2,366,117**	2,535,861	354,126
Advertising and promotion		**572,891**	2,532,464	389,946
Others		**2,663,620**	2,550,086	263,824
		20,693,997	19,620,573	5,404,138
		P 5,972,289,664	P 4,282,111,458	P 4,300,684,977

19. OPERATING EXPENSES BY NATURE

Details of operating expenses by nature are shown below.

	Notes	**2021**	2020	2019
Contracted services	18	**P4,846,649,738**	P 3,463,826,643	P 3,428,692,309
Commissions	9	**725,648,666**	429,725,150	301,751,479
Land	18	**623,070,696**	201,523,220	661,053,922
Salaries and employee benefits	23.1	**450,644,706**	367,286,580	310,036,149
Taxes and licenses		**352,965,277**	166,834,481	142,468,633
Borrowing costs	7, 18, 15	**307,427,540**	394,329,036	135,900,814
Depreciation and amortization	11, 12, 13, 14	**121,798,863**	104,119,622	60,763,991
Donations		**110,667,997**	15,427,666	2,611,027
Professional and legal fees		**55,365,530**	115,756,965	37,301,481
Advertising		**43,175,289**	44,096,688	66,026,270
Utilities		**37,931,503**	34,342,361	20,107,148
Rent	12.3, 28.2	**23,699,072**	18,441,626	33,941,185
Representation and entertainment		**20,694,266**	17,119,169	11,703,055
Hotel operations		**20,693,997**	31,545,278	5,404,138
Repairs and maintenance		**19,427,792**	20,918,624	75,141,734
Security services		**19,179,307**	14,995,988	14,783,785
Insurance		**18,401,367**	12,209,359	9,198,360
Subscription and membership dues		**15,313,005**	8,845,166	12,868,161
Transportation and travel		**13,040,272**	20,397,177	26,073,764
Supplies		**12,178,787**	16,205,708	10,106,696
Communications		**10,374,788**	8,931,604	5,574,538
Trainings and seminars		**880,012**	453,611	1,405,783
Others		**73,399,904**	40,700,595	72,971,563
		P7,922,628,374	P 5,548,032,317	P 5,445,885,985

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

	Note	**2021**	2020	2019
Cost of sales and services	18	**P5,972,289,664**	P 4,282,111,458	P 4,300,684,977
Operating expenses		**1,950,338,710**	1,265,920,859	1,145,201,008
		P7,922,628,374	P 5,548,032,317	P 5,445,885,985

20. OTHER OPERATING INCOME AND OTHER LOSSES

20.1 Other Operating Income

This account is composed of the following:

	Note	2021	2020	2019
Administrative charges		**P 67,786,770**	P 21,381,617	P 7,655,208
Reversal of payables		**61,973,774**	6,486,587	7,475,576
Move-in fee income		**41,299,914**	-	-
Gain on remeasurement of investment in associates	10(b)	**32,438,511**	-	-
Water service fee		**11,150,077**	9,019,740	4,519,195
Documentation fee		**11,045,486**	7,591,518	3,718,750
Utilities charged to tenants		**6,660,345**	3,647,996	4,654,457
Scrap sales		**3,837,069**	-	-
Late payment penalties charged to customers		**2,612,361**	5,718,465	4,804,671
Sponsorships		**2,125,098**	-	-
Foreign exchange gains		**2,108,206**	2,484,376	1,023,843
Concession income		**1,733,355**	1,803,088	-
Referral incentive		**609,488**	75,728	34,644
Reservation fees foregone		**43,750**	8,460,301	182,922
Refund from lot acquisitions		**-**	-	17,135,227
Others		**11,804,986**	1,928,404	1,928,890
		P 257,229,190	P 68,597,820	P 53,133,383

Refund from lot acquisitions pertain to the refund from seller of property for overpayments made.

Reversal of payables pertains to outstanding payables related to cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay. This also includes income from the write-off of long- outstanding unidentified deposits.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

20.2 Other Losses

This account is composed of the following:

	2021	2020	2019
Losses due to typhoon	**P 129,839,360**	P -	P -
Foreign exchange losses	**2,716,588**	839,657	962,201
Loss on sale of assets - net	**16,577**	-	-
	P 132,572,525	P 839,657	P 962,201

Losses due to typhoon pertain to the damages of CLI and certain subsidiaries sustained from a typhoon Odette which affected its projects and properties in Cebu (see Note 35.2).

21. FINANCE COSTS

This is composed of the following:

	Notes	2021	2020	2019
Interest expense on:				
Loans	15.1, 15.2	**P 196,904,919**	P 8,677,442	P 33,629,596
Lease liabilities	12.4	**67,139,552**	57,127,820	10,847,248
Post-employment defined benefit obligation	23.2	**24,537**	-	449,368
		P 264,069,008	P 65,805,262	P 44,926,212

Interest expense on loans is the portion not capitalized as part of real estate inventory (see Notes 7 and 15).

22. FINANCE INCOME

This is composed of the following:

	Notes	2021	2020	2019
Interest income on banks	5	**P 6,528,935**	P 8,701,101	P 24,599,602
Amortization of day one loss on non-current contract receivables - net	6	**1,160,937**	30,761,435	26,971,237
Others	23.2	**-**	245,725	349,906
		P 7,689,872	P 39,708,261	P 51,920,745

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2021	2020	2019
Short-term employee benefits		**P 446,017,809**	P 369,487,729	P 303,543,435
Post-employment defined benefit expense (income)	23.2	**4,626,897**	(2,446,874)	6,492,082
	19	**P 450,644,706**	P 367,040,855	P 310,035,517

23.2 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank manages the fund in coordination with the Group's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

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

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2021 and 2020.

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

	2021	2020
Present value of the obligation	**P 40,124,208**	P 35,484,952
Fair value of plan assets	**(35,370,879)**	(34,863,768)
	P 4,753,329	P 621,184

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented below.

	2021	2020
Balance at beginning of year	**P 35,484,952**	P 30,455,692
Current service cost	**4,602,360**	4,478,160
Interest cost	**1,401,656**	1,565,423
Past service cost	**-**	(6,679,309)
Benefits paid	**(59,660)**	(2,285,872)
Remeasurements – actuarial losses (gains) arising from:		
Changes in financial assumptions	**2,431,649**	2,395,087
Experience adjustments	**(1,316,633)**	44,456,648
Changes in demographic assumptions	**(2,420,116)**	(38,900,877)
Balance at end of year	**P 40,124,208**	P 35,484,952

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

	2021	2020
Balance at beginning of year	**P 34,863,768**	P 36,379,276
Contributions to the plan		-
Interest income	**1,377,119**	1,811,148
Benefits paid	**-**	(2,285,872)
Return on plan assets (excluding amounts included in net interest)	**(870,008)**	(1,040,784)
Balance at end of year	**P 35,370,879**	P 34,863,768

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	2021	2020
Cash and cash equivalents	**P 56,593**	P 32,505
Receivables	**449,210**	1,355,672
Unitized investment funds	**27,967,755**	27,521,395
Government debt securities	**6,897,321**	5,954,196
	P 35,370,879	P 34,863,768

The fair values of the above unitized investment funds are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized losses of P870,008 and P1,040,784 in 2021 and 2020, respectively, and income of P48,008 in 2019.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	2021	2020	2019
Recognized in profit or loss			
Current service cost - net	**P 4,602,360**	(P 2,201,149)	P 6,492,714
Net interest expense (income) on defined benefit obligation	**24,537**	(245,725)	449,368
	P 4,626,897	(P 2,446,874)	P 6,942,082
Recognized in other comprehensive income			
Actuarial losses (gains) arising from changes in:			
Experience adjustments	**(P 1,316,633)**	P 44,456,648	(P 26,927,039)
Financial assumptions	**2,431,649**	2,395,087	16,523,250
Demographic assumptions	**(2,420,116)**	(38,900,877)	2,110,059
Loss (return) on plan assets (excluding amounts included in net interest expense)	**870,008**	1,040,784	(48,008)
	(P 435,092)	P 8,991,642	(P 8,341,738)

The net interest expense (income) is included in Finance Costs (Income) in profit or loss (see Notes 21 and 22).

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

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

	2021	2020	2019
Discount rates	**5.08%**	3.95%	5.14%
Salary increase rates	**7.00%**	7.00%	7.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 26 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

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

(i) Investment and Interest Risks

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

(ii) Longevity and Salary Risks

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

(d) Other Information

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

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	Impact on Post-employment Defined Benefit Obligation		
	Changes in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2021			
Discount rate	**+/-1.0%**	**(P 1,758,332)**	**P 2,051,714**
Salary increase rate	**+/-1.0%**	**2,114,346**	**(1,744,371)**
December 31, 2020			
Discount rate	+/-1.0%	(P 1,279,317)	P 1,482,791
Salary increase rate	+/-1.0%	1,422,980	(1,256,261)

In addition, assuming there are no attrition rates, the increase in post-employment defined benefit obligation would be P84,572,943 and P85,790,062 for the years ended December 31, 2021 and 2020, respectively.

The foregoing sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

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

(ii) Asset-Liability Matching Strategies

To efficiently manage the retirement plan, the Group, through its Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the post-employment obligations.

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

(iii) Funding Arrangements and Expected Contributions

The Group does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	2021	2020
Within one year	**P 23,208,680**	P 20,796,005
More than one year to five years	**12,449,260**	3,731,788
More than five years to ten years	**9,975,732**	5,403,336
	P 45,633,672	P 29,931,129

The weighted average duration of the defined benefit obligation at the end of the reporting period is 4.8 years.

24. CURRENT AND DEFERRED TAXES

On March 26, 2021, RA No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group.

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company and the subsidiaries, was lower by P11,812,475 than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P280,801,696 and such was recognized in the 2021 profit or loss and in other comprehensive income.

The Group was registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Group enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Group has 18 and 17 registered projects with BOI as of December 31, 2021 and 2020, respectively.

The components of tax expense relating to profit or loss and other comprehensive loss (income) are as shown in the succeeding page.

	2021	2020	2019
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax at 30%	**P 81,211,577**	P 147,796,447	P 153,290,028
Minimum corporate income tax at 2%	**-**	874,408	-
Adjustment in 2020 income taxes due to change in income tax rates	**(11,812,475)**	-	-
Final income tax	**1,212,829**	1,785,428	4,918,642
	70,611,931	150,456,283	158,208,670
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	**643,829,225**	565,397,304	585,347,545
Effect of the change in income tax rate	**(281,722,112)**	-	-
	362,107,113	565,397,304	585,347,545
	P 432,719,044	P 715,853,587	P 743,556,215
Reported in other comprehensive income:			
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	**P 108,773**	(P 2,697,492)	P 2,502,521
Effect of the change in income tax rate	**920,416**	-	-
	P 1,029,189	(P 2,697,492)	P 2,502,521

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of profit or loss is presented below.

	2021	2020	2019
Tax on pretax profit at 30%	**P 775,897,665**	P 837,474,272	P 954,448,117
Adjustments for income subject to lower tax rate	**(318,128)**	(823,490)	1,215,137
Effect of the change in income tax rate	**(293,534,597)**	-	-
Tax effects of:			
Tax-exempt real estate sales	**(60,528,608)**	(127,041,518)	(833,957,698)
Non-deductible expenses	**8,500,064**	4,867,412	620,344,359
Changes in unrecognized deferred tax assets	**2,702,648**	1,376,911	1,506,300
Tax expense	**P 432,719,044**	P 715,853,587	P 743,556,215

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

	2021	2020
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	P 2,153,017,177	P 1,818,028,603
Rental income	5,819,005	3,329,479
Post-employment defined benefit asset	(849,057)	212,884
Allowance for impairment	-	30,610
Others	107,066	385,320
	2,158,094,191	1,821,986,896
Deferred tax assets:		
Sales commissions	(70,783,803)	(117,331,396)
Net lease liabilities	(21,120,420)	(10,102,687)
Net operating loss carry-over (NOLCO)	(14,392,568)	(1,333,186)
Unamortized past service cost	(2,046,702)	(2,935,601)
Post-employment defined benefit obligation	875,787	-
	(107,467,706)	(131,702,870)
	P2,050,626,485	P 1,690,284,026

The components of deferred tax expense (income) are as follows:

	Consolidated Statements of Profit or Loss			Consolidated Statements of Comprehensive Income		
	2021	2020	2019	2021	2020	2019
Deferred tax liabilities:						
Difference between tax reporting base and financial reporting base used in sales recognition	P 335,614,825	P 658,068,216	P 565,160,568	P -	P -	P -
Rental income	2,489,526	265,887	156,696	-	-	-
Post-employment defined benefit asset	(1,061,941)	(1,564,191)	1,777,075	-	-	-
Allowance for impairment	(30,610)	30,610	13,694,142	-	-	-
Others	(278,254)	385,320	-	-	-	-
Deferred tax assets:						
Sales commissions	46,547,593	(78,877,057)	(2,481,910)	-	-	-
Net lease liabilities	(11,017,733)	(8,642,694)	(1,459,993)	-	-	-
Unamortized past service cost	888,899	(2,935,601)	-	-	-	-
NOLCO	(10,891,790)	(1,333,186)	9,213,180	-	-	-
Post-employment defined benefit obligation	(153,402)	-	(712,213)	1,029,189	(2,697,492)	2,502,521
Deferred tax expense (income)	P 362,107,113	P 565,397,304	P 585,347,545	P 1,029,189	(P 2,697,492)	P 2,502,521

NOLCO can be claimed as deduction from future taxable income within three and five years from the year the taxable loss was incurred. In accordance with RA 11494 Bayanihan to Recover as One Act 2, NOLCO incurred in 2021 and 2020 by certain subsidiaries can be claimed as deduction from the gross income until 2026 and 2025, respectively. Details of the Group's NOLCO are shown below.

Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
2021	P 22,918,739	P -	P -	P 22,918,739	2026
2020	22,918,739	-	-	22,918,739	2025
2019	52,655,489	-	-	52,655,489	2022
	P 165,593,941	P 14,927,620	P 3,780,948	P 146,885,373	

The Group has deferred tax assets related to NOLCO of P36,909,098 and P42,732,426 as at December 31, 2021 and 2020, respectively, which were not recognized because the subsidiaries to which such are attributable may not be able to generate enough taxable profit yet within the validity period of NOLCO for the assets to be recovered. As at December 31, 2021, only the Parent Company, CPM, ASF, CPH, BL Ventures, YES, MGRI, YHES, El Camino and GGTT are subject to MCIT which is computed at the applicable rate (1% and 2% in 2021 and 2020, respectively) of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. Other components of the Group are not yet subject to MCIT as those have not operated beyond four taxable years. The Group reported MCIT amounting to P12,237,602 in 2021. A subsidiary reported MCIT in 2020 amounting to P874,409. No MCIT was reported in 2019 as the RCIT was higher than MCIT.

The Group opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction. Furthermore, it opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2021, 2020 and 2019.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, shareholders, the Group's key management personnel, its retirement fund and others as described in Note 2.19. A summary of the Group's transactions and outstanding balances with related parties is presented below.

	Notes	Amount of Transaction			Outstanding Balance	
		2021	2020	2019	2021	2020
Ultimate Parent Company						
Real estate sales	25.2	P 96,272,362	P 41,538,000	P 24,410,000	P 80,411,781	P 214,172,636
Entities under Common Ownership						
Net advances (collections)	25.1	35,500,674	11,953,583	(11,206,772)	57,401,674	21,901,000
Associates						
Net advances (collections)	25.1	(16,907)	49,504	-	32,597	49,504
Key Management Personnel						
Real estate sales	25.3	52,101,000	39,075,750	-	57,186,058	43,259,635
Compensation	25.4	151,457,205	94,966,157	87,656,262	-	-

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at December 31, 2021 and 2020. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions follows.

25.1 Advances to Related Parties

The Group grants cash advances to shareholders, entities under common ownership and associates. An analysis of such advances in 2021 and 2020 is presented below.

	Entities Under Common Ownership	Associates	Total
Balance at January 1, 2021	P 21,901,000	P 49,504	P 21,950,504
Additional advances	35,500,674	-	35,500,674
Collections	-	(16,907)	(16,907)
Balance at December 31, 2021	**P 57,401,674**	**P 32,597**	**P 57,434,271**
Balance at January 1, 2020	P 9,947,417	P -	P 9,947,417
Additional advances	11,953,583	49,504	12,003,087
Balance at December 31, 2020	P 21,901,000	P 49,504	P 21,950,504

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Due from related parties in the consolidated statements of financial position.

25.2 Real Estate Sales to Ultimate Parent Company

In 2021, 2020 and 2019, CLI sold condominium units to ABS totaling P96,272,362 P41,538,000 and P24,410,000, respectively. The outstanding balance related to these transactions amounted to P80,411,781 and P214,172,636 as at December 31, 2021 and 2020, respectively, and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Real Estate Sales to Key Management Personnel

In 2021, 2020 and 2019, CLI sold condominium units totaling P52,101,000, P39,075,750, and nil, respectively, to key management personnel. The outstanding balance related to these transactions amounts to P57,186,058 and P43,259,635 as at December 31, 2021 and 2020, respectively. These are presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

25.4 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2021, 2020 and 2019 is shown below.

	2021	2020	2019
Short-term benefits	**P 121,082,068**	P 90,246,704	P 83,006,173
Post-employment benefits	**1,668,284**	4,719,453	4,650,089
	P 122,750,352	P 94,966,157	P 87,656,262

25.5 Retirement Fund

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2021 and 2020 consists of the contributions to the plan and interest earned (see Note 23.2). The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

26. EQUITY

26.1 Capital Stock

Details of the Parent Company's authorized capital stock as of December 31, 2021 and 2020 are as follows:

	Shares		**Amount**	
	2021	2020	**2021**	2020
Preferred shares – P0.10 par value				
Authorized	**1,000,000,000**	1,000,000,000	**P 100,000,000**	P 100,000,000
Common shares – P1.00 par value				
Authorized	**10,000,000,000**	2,400,000,000	**P10,000,000,000**	P 2,400,000,000
Issued:				
Balance at beginning of year	**1,714,000,000**	1,714,000,000	**P 1,714,000,000**	P 1,714,000,000
Stock dividends	**1,909,451,997**	-	**1,909,451,997**	-
Balance at end of year	**3,623,451,997**	1,714,000,000	**P 3,623,451,997**	P 1,714,000,000
Treasury shares:				
Balance at beginning of year	**(159,000,400)**	(54,820,000)	**(732,851,016)**	(247,193,811)
Acquisitions during the year	**(2,599,600)**	(104,180,400)	**(15,320,885)**	(485,657,205)
Balance at end of year	**(161,600,000)**	(159,000,400)	**(748,171,901)**	(732,851,016)
Issued and outstanding	**3,461,851,997**	1,554,999,600	**P 2,875,280,096**	P 981,148,984

As disclosed in Note 1.1, the Parent Company had a successful IPO of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000 on June 2, 2017. Accordingly, the Parent Company recognized additional paid-in capital of P1,608,917,974 in the consolidated statements of financial position after deducting the related share issuance costs of P111,082,026.

On November 24, 2020, the Parent Company's BOD approved the proposed increase in its authorized common stock from P2,400,000,000, divided into 2,400,000,000 common shares with a par value of P1.00 per share to P10,000,000,000, divided into 10,000,000,000 common shares with a par value of P1.00 per share. Relative to the increase in authorized common stock, on the same date, the Parent Company's BOD approved to declare stock dividends, subject to the approval of the stockholders, of at least 1,900,000,000 or such number of common shares as sufficient to pay the required subscription to the increase in the authorized common stock and as necessary to avoid fractional shares, to be issued to stockholders of record as of the record date fixed and approved by the SEC, and to be paid on such payment date as shall be fixed by the BOD after the determination of the record date. The increase in the authorized common stock and declaration of stock dividends were approved by the Parent Company's stockholders on February 26, 2021 (see Note 29.1).

On May 21, 2021, the SEC approved the Parent Company's application for the increase of authorized capital stock and declaration of stock dividends, and subsequently approved by the PSE on July 6, 2021.

On July 14, 2021, the Parent Company distributed stock dividends of 1,909,451,997 common shares with a par value of P1.00 or P1,909,451,997 (see Note 26.4). As at December 31, 2021 and 2020, common shares issued is 3,623,451,997 which amounts to P3,623,451,997, and 1,714,000,000 which amounts to P1,714,000,000, respectively. There is no issued preferred stock as at December 31, 2021 and 2020.

The share price of the Parent Company's common stock closed at P3.00 and P5.05 per share on December 31, 2021 and December 29, 2020, respectively, the last trading day in the PSE for 2021 and 2020.

The Group has no other listed securities as at December 31, 2021 and 2020.

26.2 Treasury Shares

An analysis of treasury shares as of December 31, 2021 and 2020, respectively is shown below.

	Shares		Amount	
	2021	2020	**2021**	2020
Balance at beginning of year	**159,000,400**	54,820,000	**P 732,851,016**	P 247,193,811
Reacquired during the year	**2,599,600**	104,180,400	**15,320,885**	485,657,205
Balance at end of year	**161,600,000**	159,000,400	**P 748,171,901**	P 732,851,016

On February 27, 2018, the BOD of the Parent Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 27, 2020, the BOD of the Parent Company approved an additional P500,000,000 stock buy-back program for its valuation plans over the next two years.

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 discounted price. 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.

In relation to this program, the Parent Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,808 and P485,657,205, respectively, and presented them as Treasury Stock in the consolidated statement of financial position. As at December 31, 2021 and 2020, total reacquired shares totals 161,600,000 and 159,000,400, respectively, which amounts to P748,171,901 and P732,851,016, respectively.

The common stock of the Parent Company that is held under nominee accounts totaled 1,310,696,135 shares and 680,864,750 shares as of December 31, 2021 and 2020, respectively. This represents 36% and 41% of the Parent Company's outstanding shares as of December 31, 2021 and 2020, respectively.

26.3 Revaluation Reserves

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

	Notes	**2021**	2020	2019
Balance at beginning of year		**(P 12,883,375)**	(P 6,589,225)	(P 12,428,442)
Other comprehensive income:				
Gain (loss) on remeasurement of post-employment defined benefit obligation	23.2	**455,092**	(8,991,642)	8,341,738
Tax income	24	**(1,029,189)**	2,697,492	(2,502,521)
		(594,097)	(6,294,150)	5,839,217
Balance at end of period		**(P 13,477,472)**	(P 12,883,375)	(P 6,589,225)

26.4 Retained Earnings

(a) Cash Dividends

On February 26, 2019, the Parent Company's BOD declared cash dividend of P0.20 per share or a total amount of P352,590,000 to stockholders on record as of March 26, 2019 and was paid on April 24, 2019.

On February 19, 2020, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P452,295,000 to stockholders on record as of April 3, 2020 and was paid on April 30, 2020.

On March 15, 2021, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P476,749,900 to stockholders on record as of April 16, 2021 and was paid on May 10, 2021.

(b) Appropriations

The movements of the appropriated retained earnings in 2021 are shown below.

Purpose	**January 1, 2021**	**Reversals**	**December 31, 2021**
Funding of CLI's projects:			
Mivela Garden Residences	P 500,000,000	(P 500,000,000)	P -
Casa Mira Towers Mandaue	500,000,000	(412,200,367)	87,799,633
Casa Mira and Velmiro Homes Davao	400,000,000	(377,653,988)	22,346,012
Cebu Business Park Office/ Hotel Tower	364,269,107	(331,506,259)	32,762,848
Abaca Resort Mactan	148,209,601	(148,209,601)	-
Mactan Lowaii Project	72,216,550	(43,075,131)	29,141,419
Velmiro Heights Teakwood	64,809,365	(64,809,365)	-
	2,049,504,623	(1,877,454,711)	172,049,912
Distribution of stock dividends	1,900,000,000	(1,900,000,000)	-
Balance at end of year	**P 3,949,504,623**	**(P 3,777,454,711)**	**P 172,049,912**

The movements of the appropriated retained earnings in 2020 are shown below.

Purpose	January 1, 2020	Reversals	Additions	December 31, 2020
Funding of CLI's Projects				
Mivela Garden Residences	P 400,000,000	(P 400,000,000)	P 500,000,000	P 500,000,000
Casa Mira Towers Mandaue	300,000,000	(300,000,000)	500,000,000	500,000,000
Casa Mira and Velmiro Homes Davao	500,000,000	(500,000,000)	400,000,000	400,000,000
Cebu Business Park Office/ Hotel Tower	600,000,000	(235,730,893)	-	364,269,107
Abaca Resort Mactan	400,000,000	(251,790,399)	-	148,209,601
Mactan Lowaii Project	600,000,000	(527,783,450)	-	72,216,550
Velmiro Heights Teakwood	250,000,000	(185,190,635)	-	64,809,365
	3,050,000,000	(2,400,495,377)	1,400,000,000	2,049,504,623
Declaration of stock dividends	-	-	1,900,000,000	1,900,000,000
Balance at end of year	P3,050,000,000	P2,400,495,377	P3,300,000,000	P3,949,504,623

In 2021 and 2020, the Parent Company released the appropriated retained earnings in 2020 and 2019 for funding of certain projects amounting to P1,877,454,711 and P2,400,495,377, respectively, to unrestricted retained earnings after partial fulfillment of its intended purpose. Moreover, appropriated retained earnings of P1,900,000,000 was released to unappropriated retained earnings after the distribution of stock dividends by the Parent Company on July 14, 2021.

On November 24, 2020, the BOD approved the appropriation of P3,300,000,000 retained earnings for various projects. Details of the appropriation are as follows:

- P1,900,000,000 is intended for the Parent Company's proposed increase in authorized common stock and of which portion will be issued through stock dividend (see Note 26.1).

- P1,400,000,000 for the capital expenditures, financing costs, and other related development costs of certain projects that the Parent Company expects to incur in 2021 with details below:

  i. P400,000,000 for the on-going development of the Casa Mira and Velmiro Homes Davao projects. Project developments commenced in December 2019 and are expected to be completed by fourth quarter of 2023.

  ii. P500,000,000 for the on-going development of Mivela Garden Residences. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

  iii. P500,000,000 for the on-going development of Casa Mira Towers Mandaue. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

On October 24, 2019, the Board of Directors approved the appropriation of P3,050,000,000 from the Parent Company's retained earnings for purposes of funding certain projects. The appropriated amount is specifically intended and allocated for the capital expenditures, financing costs, and other related development costs that the Parent Company expects to incur in the next five years for those certain projects. Details of the appropriation are as follows:

- P400,000,000 for the on-going development of Mivela Garden Residences, a modern garden residential community and condominium project located in Banilad, Cebu City. Project development commenced in September 2019 and is expected to be completed by second quarter of 2023.

- P600,000,000 for the development of Cebu Business Park Office / Hotel Tower, an office and hotel building located at the Cebu Business Park, Cebu City. Project development commenced in November 2019 and is expected to be completed by first quarter of 2024.

- P500,000,000 for the on-going development of the Casa Mira and Velmiro Homes projects, which are subdivision projects (house and lots) located in Magtuod, Davao City. Project developments commenced in December 2019 and are expected to be completed by first quarter of 2023.

- P400,000,000 for the redevelopment of the Abaca Resort Mactan, a resort in Punta Engaño, Mactan Island, Cebu. Redevelopment commenced in November 2019 and is expected to be completed by second quarter of 2024.

- P600,000,000 for the redevelopment of the Mactan Lowaii Project, a resort in Mactan Island, Cebu. Development was commenced on November 2019 and is expected to be completed by second quarter of 2023.

- P300,000,000 for the on-going development of Casa Mira Mandaue, a condominium project with four towers located in Alang-alang, Mandaue City. Project development was commenced on September 2019 and is expected to be completed by second quarter of 2023.

- P250,000,000 for the on-going development of the Velmiro Heights Taekwood, a subdivision project located in Cagayan de Oro. Project development commenced in December 2019 and is expected to be completed by fourth quarter of 2022.

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.

26.5 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at December 31, 2021, 2020 and 2019 are as follows.

	NCI Ownership %			NCI Equity in Subsidiaries		
Subsidiaries	**2021**	2020	2019	**2021**	2020	2019
YHEST	**50%**	50%	50%	**P 3,706,027,295**	P 3,715,725,255	P 3,719,661,270
El Camino	**65%**	65%	65%	**1,113,400,062**	1,060,345,832	773,607,627
CHDI	**50%**	50%	50%	**672,519,752**	654,584,882	226,673,963
YHES	**50%**	50%	50%	**605,533,074**	540,728,657	471,210,883
YES	**50%**	50%	50%	**243,297,814**	294,725,960	318,011,562
MGR	**55%**	55%	55%	**172,090,942**	279,378,963	310,217,791
BL Ventures	**50%**	50%	50%	**128,164,739**	145,666,074	150,788,415
CLI-LITE	**12%**	-	-	**124,729,968**	-	-
CBLRV	**50%**	50%	50%	**98,733,293**	99,432,604	-
CCLI	**50%**	50%	50%	**96,831,317**	105,051,470	85,858,394
GGTT	**50%**	-	-	**90,043,506**	-	-
SPE	**36%**	-	-	**(18,518,426)**	-	-
MDC	**22%**	-	-	**59,453,985**	-	-
				P 7,092,307,321	P 6,895,639,697	P 6,056,029,905

The analysis of the movement of NCI as at December 31, 2021, 2020 and 2019 are as follows.

	2021	2020	2019
Balance at beginning of year	**P 6,895,639,697**	P 6,056,029,905	P 5,280,557,011
New and additional investments	**226,733,331**	647,502,204	369,825,001
Dividends	**(88,000,000)**	(37,500,000)	(20,000,000)
Share in net profit during the year	**57,934,293**	229,607,588	425,647,893
Balance at end of year	**P 7,092,307,321**	P 6,895,639,697	P 6,056,029,905

As at December 31, 2021, CLI's acquisition of GGTT was accounted for as an acquisition of a business as it already commenced commercial operations in 2021 (see Note 1). Thus, the pre-existing contribution of GGTT's non-controlling stockholders amounting to P50,000,000 was accounted as an additional investment during the year. In addition, non-controlling shareholders of CLI-LITE contributed cash totalling P252,725,000 as paid-in capital upon its incorporation in July 2021.

In 2021, MGR declared total cash dividends of P160,000,000 of which P88,000,000 is payable to non-controlling shareholders.

In 2020, CBLRV was incorporated with paid-in capital from non-controlling stockholders amounting to P100,002,200. Other significant activities of the Group's NCI in 2020 are as follows:

- CHDI's non-controlling shareholders contributed cash of P430,000,000 as paid-in capital.
- CCLI's deposits for future share subscription from non-controlling shareholders amounting to P20,000,001 was transferred to capital stock after compliance of SEC requirements of the reclassification.
- El Camino's non-controlling shareholders contributed cash amounting to P97,500,002 as additional capital; and,
- YES declared a cash dividend of P20,000,000 in September 2020 and of which P10,000,000 was paid to non-controlling shareholders.

Significant information on the financial position and financial performance of YHEST as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P2,215,752,383**	P 986,071,764
Non-current assets	**3,751,960,049**	4,563,949,145
Total assets	**P5,967,712,432**	P5,550,020,909
Current liabilities	**P 98,663,124**	P 49,580,036
Non-current liabilities	**(6,395,339)**	-
Total liabilities	**P 92,267,785**	P 49,580,036
Revenues	**P -**	P -
Net loss	**(P 19,396,226)**	(P 7,872,029)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 19,396,226)**	(P 7,872,029)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**(P 9,698,113)**	(P 3,936,014)
Non-controlling interests	**(9,698,113)**	(3,936,014)
Net loss	**(P 19,396,226)**	(P 7,872,028)

Significant information on the financial position and financial performance of El Camino as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P3,768,937,784**	P 4,390,330,221
Non-current Assets	**2,305,807,154**	816,631,511
Total assets	**P6,074,744,938**	P5,206,961,732
Current liabilities	**P 1,948,151,718**	P1,050,759,365
Non-current liabilities	**2,413,130,052**	2,524,361,091
Total liabilities	**P4,361,281,770**	P3,575,120,456
Revenues	**P 726,343,098**	P1,012,563,946
Net profit	**P 81,621,893**	P 291,135,695
Other comprehensive income	**-**	-
Total comprehensive income	**P 81,621,893**	P 291,135,695

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**P 28,567,663**	P 101,897,493
Non-controlling interests	**53,054,230**	189,238,202
Net profit	**P 81,621,893**	P 291,135,695

Significant information on the financial position and financial performance of CHDI as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P3,161,482,353**	P1,350,240,310
Non-current Assets	**18,913,837**	5,598,604
Total assets	**P3,180,396,190**	P1,355,838,914
Current liabilities	**P 1,657,531,211**	P 46,669,156
Non-current liabilities	**177,825,482**	-
Total liabilities	**P1,835,356,693**	P 46,669,156
Revenues	**P 176,756,441**	P -
Net profit (loss)	**P 35,869,739**	(P 4,178,162)
Other comprehensive income	**-**	-
Total comprehensive income (loss)	**P 35,869,739**	(P 4,178,162)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**P 17,934,870**	(P 2,089,081)
Non-controlling interests	**17,934,869**	(2,089,081)
Net profit (loss)	**P 35,869,739**	(P 4,178,162)

Significant information on the financial position and financial performance of YHES as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P1,951,443,450**	P1,224,207,804
Non-current Assets	**752,918,167**	877,546,920
Total assets	**P2,704,361,617**	P2,101,754,724
Current liabilities	**P 953,031,316**	P 821,564,723
Non-current liabilities	**540,071,622**	198,595,785
Total liabilities	**P1,493,102,938**	P1,020,160,508

	2021	2020
Revenues	**P 342,152,332**	P 401,985,057
Net profit	**P 129,664,463**	P 139,172,448
Other comprehensive income	**-**	-
Total comprehensive income	**P 129,664,463**	P 139,172,448

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**P 64,832,232**	P 69,586,224
Non-controlling interests	**64,832,231**	69,586,224
Net profit	**P 129,664,463**	P 139,172,448

Significant information on the financial position and financial performance of YES as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P 1,467,120,104**	P 1,568,598,367
Non-current Assets	**111,356,246**	100,824,806
Total assets	**P1,578,476,350**	P1,669,423,173
Current liabilities	**P 932,716,673**	P 466,338,638
Non-current liabilities	**159,164,043**	613,632,609
Total liabilities	**P 1,091,880,716**	P 1,079,971,247
Revenues	**P 27,963,542**	P 178,773,834
Net loss	**(P 102,856,292)**	(P 26,651,393)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 102,856,292)**	(P 26,651,393)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**(P 51,428,146)**	(P 13,325,697)
Non-controlling interests	**(51,428,146)**	(13,325,696)
Net loss	**(P 102,856,292)**	(P 26,651,393)

Significant information on the financial position and financial performance of MGR as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P 637,568,406**	P1,124,238,632
Non-current Assets	**679,432**	-
Total assets	**P 638,247,838**	P1,124,238,632
Current liabilities	**P 241,397,387**	P 302,802,916
Non-current liabilities	**80,582,830**	310,098,965
Total liabilities	**P 321,980,217**	P 612,901,881
Revenues - net	**(P 12,991,772)**	P 35,413,304
Net loss	**(P 35,069,128)**	(P 6,070,595)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 35,069,128)**	(P 6,070,595)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**(P 15,781,108)**	(P 2,731,768)
Non-controlling interests	**(19,288,020)**	(3,338,827)
Net loss	**(P 35,069,128)**	(P 6,070,595)

Significant information on the financial position and financial performance of BL Ventures as at and for the year ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P 484,676,774**	P 754,032,940
Non-current Assets	**729,302,544**	717,205,879
Total assets	**P1,213,979,318**	P1,471,238,819
Current liabilities	**P 243,537,654**	P 255,951,972
Non-current liabilities	**714,138,930**	923,981,441
Total liabilities	**P 957,676,584**	P1,179,933,413
Revenues	**P 39,771,377**	P 31,118,154
Net loss	**(P 35,002,671)**	(P 10,244,682)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 35,002,671)**	(P 10,244,682)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**(P 17,501,335)**	(P 5,122,341)
Non-controlling interests	**(17,501,336)**	(5,122,341)
Net loss	**(P 35,002,671)**	(P 10,244,682)

Significant information on the financial position and financial performance of CLI-LITE as at and for the year ended December 31, 2021 are as follows:

Current assets	P 346,359,819
Non-current Assets	740,506,424
Total assets	P1,086,866,243
Current liabilities	P 102,872,211
Non-current liabilities	372,278,788
Total liabilities	P 475,150,999
Revenues	P -
Net loss	(P 13,060,257)
Other comprehensive income	-
Total comprehensive loss	(P 13,060,257)

The profit or loss is allocated between the Parent Company and NCI as follows.

Parent Company's shareholders	(P 11,427,725)
Non-controlling interests	(1,632,532)
Net loss	(P 13,060,257)

Significant information on the financial position and financial performance of CBLRV as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P 427,299,380**	P 413,572,897
Non-current Assets	**20,000**	491,339
Total assets	**P 427,319,380**	P 414,064,236
Current liabilities	**P 31,870,806**	P 214,800,417
Non-current liabilities	**197,986,389**	403,011
Total liabilities	**P 229,857,195**	P 215,203,428
Revenues	**P -**	P -
Net loss	**(P 1,398,623)**	(P 1,139,192)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 1,398,623)**	(P 1,139,192)

The profit or loss is allocated between the Parent Company and NCI as follows.

	2021	2020
Parent Company's shareholders	**(P 699,311)**	(P 569,596)
Non-controlling interests	**(699,312)**	(569,596)
Net loss	**(P 1,398,623)**	(P 1,139,192)

Significant information on the financial position and financial performance of CCLI as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**P 114,426,923**	P 67,407,471
Non-current Assets	**498,786,042**	294,957,552
Total assets	**P 613,212,965**	P 362,365,023
Current liabilities	**P 67,696,785**	P 26,262,082
Non-current liabilities	**351,853,544**	126,000,000
Total liabilities	**P 419,550,329**	P 152,262,082
Revenues	**P -**	P -
Net loss	**(P 16,440,305)**	(P 1,613,850)
Other comprehensive income	**-**	-
Total comprehensive loss	**(P 16,440,305)**	(P 1,613,850)

The profit or loss is allocated between the Parent Company and NCI as follows:

	2021	2020
Parent Company's shareholders	**(P 8,220,152)**	(P 806,925)
Non-controlling interests	**(8,220,153)**	(806,925)
Net loss	**(P 16,440,305)**	(P 1,613,850)

Significant information on the financial position and financial performance of GGTT as at and for the year ended December 31, 2021 are as follows:

Current assets	P 512,554,913
Non-current Assets	249,193,934
Total assets	P 761,748,847
Current liabilities	P 426,715,192
Non-current liabilities	28,119,854
Total liabilities	P 454,835,046
Revenues	P 221,930,052
Net loss	P 80,087,011
Other comprehensive income	-
Total comprehensive income	P 80,087,011

The profit or loss is allocated between the Parent Company and NCI as follows:

Parent Company's shareholders	P 40,043,506
Non-controlling interests	40,043,505
Net profit	P 80,087,011

Significant information on the financial position and financial performance of SPE as at and for the year ended December 31, 2021 are as follows:

Current assets	P 33,255,756
Non-current Assets	280,859,912
Total assets	P 314,115,668
Current liabilities	P 57,146,330
Non-current liabilities	274,962,623
Total liabilities	P 332,108,953
Revenues	P -
Net loss	(P 24,179,468)
Other comprehensive income	-
Total comprehensive loss	(P 24,179,468)

The profit or loss is allocated between the Parent Company and NCI as follows.

Parent Company's shareholders	(P 15,474,860)
Non-controlling interests	(8,704,608)
Net loss	(P 24,179,468)

Significant information on the financial position and financial performance of MDC as at and for the year ended December 31, 2021 are as follows:

Current assets	P 78,233,892
Non-current Assets	-
Total assets	P 78,233,892
Current liabilities	P 2,215,857
Non-current liabilities	-
Total liabilities	P 2,215,857
Revenues	P -
Net loss	(P 3,274,357)
Other comprehensive income	-
Total comprehensive loss	(P 3,274,357)

The profit or loss is allocated between the Parent Company and NCI as follows.

Parent Company's shareholders	(P 2,543,848)
Non-controlling interests	(730,509)
Net loss	(P 3,274,357)

27. EARNINGS PER SHARE

EPS is computed as follows:

	2021	2020	2019
Income available to common stockholders	**P 2,612,937,324**	P 1,846,119,733	P 2,012,289,616
Divided by weighted average number of outstanding common stock	**2,507,833,165**	1,605,279,067	1,662,917,500
Basic and diluted EPS	**P 1.04**	P 1.15	P 1.21

There were no instruments that could potentially dilute basic earnings per share for years ended December 31, 2021, 2020 and 2019; hence, basic EPS is the same as diluted EPS.

28. COMMITMENTS AND CONTINGENCIES

28.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering certain condominium and parking units and retail building space (see Note 13). To manage its risks over these operating leases, the Group retains its legal title over the underlying assets and requires its lessee to pay security deposits at the start of the lease, which are forfeited in case a lessee pre-terminates without prior notice or before the expiry of the lease term without cause. The leases have terms ranging from one to five 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.

	2021	2020	2019
Within one year	**P 59,212,971**	P 53,712,626	P 59,467,774
After one year but not more than five years	**149,311,191**	71,468,344	91,924,899
More than five years	**105,840,163**	118,400,559	132,301,010
	P 314,364,325	P 243,581,529	P 283,693,683

Rental income amounted to P74,272,000, P55,237,972 and P63,159,194 in 2021, 2020 and 2019, respectively (see Note 13). None of the rental income in 2021, 2020 and 2019 are relating to variable lease payments.

28.2 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 P23,699,072, P18,441,626 and P33,941,185 in 2021, 2020 and 2019, respectively, and is shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Notes 19).

As at December 31, 2021 and 2020, 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.

28.3 Completion of Sold Units

The Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Group recognized a contract liability, which amounts to P604,254,603 and P532,649,347 as at December 31, 2021 and 2020, respectively, when it collects more than it is entitled to based on the stage of completion of the project development (see Note 17.2).

28.4 Purchase of Land

As at December 31, 2020, the Group had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land for about P122,412,000. There were no such commitments as at December 31, 2021.

28.5 Capital Commitments for Construction Cost

As at December 31, 2021 and 2020, the Group has capital commitments of about P8,346,359,878 and P7,492,397,005, respectively, for the construction of real estate inventories, property and equipment and investment properties.

28.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As at December 31, 2021 and 2020, 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.

29. EVENTS AFTER THE REPORTING PERIOD

On March 15, 2022, the BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P543,517,800 to stockholders on record as of April 22, 2022. Such dividends will be paid on May 17, 2022.

30. 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 31. 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.

30.1 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.

30.2 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	2021	2020
Cash and cash equivalents	5	**P 1,095,821,916**	P 797,184,790
Receivables*	6	**6,004,327,391**	6,125,399,982
Contract assets	17.2	**20,290,305,185**	13,856,650,495
Due from related parties	25.1	**57,434,271**	21,950,504
Short-term investments	9	**149,901,854**	-
Refundable deposits	14	**94,473,055**	78,003,269
		P27,692,263,672	P 20,879,189,040

* *Receivables - net excludes advances to officers and employees.*

The estimated fair value of collateral and other security enhancements held against contract receivables and contract assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2021			
Contract receivables	P 3,698,337,693	P 7,853,276,713	P -
Contract assets	16,256,159,124	35,539,865,028	-
	P 19,954,496,817	**P 43,393,141,741**	**P -**
2020			
Contract receivables	P 5,807,986,200	P 10,147,922,434	P -
Contract assets	13,856,650,495	26,384,721,070	-
	P 19,664,636,695	P 36,532,643,504	P -

(b) Credit risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

An analysis of concentration of credit risk by location of the Group's receivables and contract assets, net of allowance for impairment, is shown below.

	2021	2020
Cebu	**P 9,989,965,155**	P 11,173,348,620
Visayas	**5,642,592,784**	3,851,443,187
Mindanao	**4,321,914,120**	4,782,102,029
Luzon	**166,366**	645,199
	P19,954,638,425	P 19,807,539,035

(c) Credit quality

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

Other receivables and refundable deposits are considered to be unrated and are neither past due nor impaired. For trade receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Group.

	2021					
	Neither past due not impaired					
	High grade	Standard grade	Unrated	Past due but not impaired	Individually impaired	Total
Cash	P 1,095,821,916	P -	P -	P -	P -	P 1,095,821,916
Receivables						
Contract	-	3,706,239,761	-	1,790,946,881	-	5,497,186,642
Others	-	-	506,540,055	-	600,694	507,140,749
Contract assets	-	20,290,305,185	-	-	-	20,290,305,185
Due from related parties	-	-	57,434,271	-	-	57,434,271
Short-term investments	149,901,854	-	-	-	-	149,901,854
Refundable deposits	-	-	94,473,055	-	-	94,473,055
	P 1,245,723,770	**P23,996,544,946**	**P 658,447,381**	**P 1,790,946,881**	**P 600,694**	**P27,692,263,672**

	2020					
	Neither past due not impaired					
	High grade	Standard grade	Unrated	Past due but not impaired	Individually impaired	Total
Cash	P 797,184,790	P -	P -	P -	P -	P 797,184,790
Receivables						
Contract	-	5,807,986,200	-	-	-	5,807,986,200
Others	-	-	316,813,088	-	600,694	317,413,782
Contract assets	-	13,856,650,495	-	-	-	13,856,650,495
Due from related parties	-	-	21,950,504	-	-	21,950,504
Refundable deposits	-	-	78,003,269	-	-	78,003,269
	P 797,184,790	P19,664,636,695	P 416,766,861	P -	P 600,694	P20,879,189,040

30.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. It maintains cash to meet its liquidity. Excess cash are invested in short-term placements.

As at December 31, 2021 and 2020, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	More than 5 Years
December 31, 2021				
Interest-bearing loans and borrowings	P 4,372,926,971	P 4,391,719,080	P 14,001,035,043	P 9,462,451,360
Trade and other payables[2]	5,352,277,771	5,886,663,859	1,106,244,334	238,639,111
	P 9,725,204,742	**P10,278,382,939**	**P 15,107,279,377**	**P 9,701,090,471**
December 31, 2020				
Interest-bearing loans and borrowings	P 3,248,858,810	P 1,225,240,146	P 14,589,097,481	P 9,754,201,145
Trade and other payables[2]	4,269,010,584	2,177,862,221	894,416,447	-
	P 7,517,869,394	P 3,403,102,367	P 15,483,513,928	P 9,754,201,145

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

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

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

31.1 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.

		2021		2020	
	Notes	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
at amortized cost:					
Cash and cash equivalents	5	**P 1,095,821,916**	**P 1,095,821,916**	P 797,184,790	P 797,184,790
Receivables - net[1]	6	**6,004,327,391**	**6,004,327,391**	6,125,399,982	6,125,399,982
Due from related parties	25.1	**57,434,271**	**57,434,271**	21,950,504	21,950,504
Short-term investments	9	**149,901,854**	**149,901,854**	-	-
Refundable deposits	14	**94,473,055**	**94,473,055**	78,003,269	78,003,269
		P 7,401,958,487	**P 7,401,958,487**	P 7,022,538,545	P 7,022,538,545
Financial Liabilities					
at amortized cost:					
Interest-bearing loans and borrowings	15	**P 32,021,719,390**	**P 32,021,719,390**	P 23,793,983,711	P 23,757,633,171
Trade and other payables[2]	16	**12,608,823,740**	**12,608,823,740**	7,341,289,252	7,341,289,252
		P 44,630,543,130	**P 44,630,543,130**	P 31,135,272,963	P 31,098,922,423

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

See Note 2.5 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 30.

31.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position		
	Financial assets	Financial liabilities set off		Financial instruments	Cash collateral received	Net amount
December 31, 2021						
Cash and cash equivalents	**P 1,095,821,916**	**P -**	**P 1,095,821,916**	**P 1,091,277,530**	**P -**	**P 4,544,386**
December 31, 2020						
Cash and cash equivalents	P 797,184,790	P -	P 797,184,790	P 793,255,290	P -	P 3,929,500

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position		
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	Net amount
December 31, 2021						
Interest-bearing loans and borrowings	**P 32,021,719,390**	**P -**	**P 32,021,719,390**	**P 1,241,179,383**	**P -**	**P 30,780,540,007**
December 31, 2020						
Interest-bearing loans and borrowings	P 23,793,983,711	P -	P 23,793,983,711	P 793,255,290	P -	P 23,000,728,421

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., banks) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

31.3 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 2021 and 2020 consolidated statements of financial position, but for which fair value is disclosed (see Note 31.1).

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	P 1,095,821,916	P -	P -	P 1,095,821,916
Receivables – net[1]	-	-	6,004,327,391	6,004,327,391
Due from related parties	-	-	57,434,271	57,434,271
Short-term investments	149,901,854	-	-	149,901,854
Refundable deposits	-	-	94,473,055	94,473,055
	P 1,245,723,770	**P -**	**P 6,156,234,717**	**P 7,401,958,487**
Financial liabilities				
Interest-bearing loans and borrowings	P -	P -	P 32,021,719,390	P 32,021,719,390
Trade and other payables[2]	-	-	12,608,823,740	12,608,823,740
	P -	**P -**	**P 44,630,543,130**	**P 44,630,543,130**

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

	2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	P 797,184,790	P -	P -	P 797,184,790
Receivables – net[1]	-	-	6,125,399,982	6,125,399,982
Due from related parties	-	-	21,950,504	21,950,504
Refundable deposits	-	-	78,003,269	78,003,269
	P 797,184,790	P -	P 6,225,353,755	P 7,022,538,545
Financial liabilities				
Interest-bearing loans and borrowings	P -	P -	P 23,757,633,171	P 23,757,633,171
Trade and other payables[2]	-	-	7,341,289,252	7,341,289,252
	P -	P -	P 31,098,922,423	P 31,098,922,423

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

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans and borrowings, because of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Group has no non-financial assets measured at fair value as at December 31, 2021 and 2020. However, the fair values of its investment properties are required to be disclosed, as shown in Note 13.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2021 and 2020.

	Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2021				
Investment property	**P -**	**P -**	**P16,210,917,528**	**P16,210,917,528**
December 31, 2020				
Investment property	P -	P -	P11,943,650,421	P11,943,650,421

In 2021 and 2020, 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:

(d) *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.

(e) *Fair Value Measurement for Improvements under Retail Buildings*

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2021 and 2020.

32. 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:

	2021	2020
Total liabilities	**P48,719,923,909**	P 34,563,259,985
Total equity	**17,932,181,524**	15,527,241,458
Debt-to-equity ratio	**2.72:1.00**	2.23:1.00

The Group's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis. The Parent Company is required to maintain certain financial ratios in relation with its borrowings (see Note 15.2). The Group has complied with its covenant obligations for both years ended December 31, 2021 and 2020.

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.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans (see Note 15)	**Lease Liabilities** (see Note 12)	**Total**
Balance as of January 1, 2021	P 23,793,983,711	P 834,733,975	P24,628,717,686
Cash flows from financing activities			
Additional borrowings	14,448,015,997	-	14,448,015,997
Repayment of borrowings	(6,288,347,939)	-	(6,288,347,939)
Non-cash financing activities			
Additional lease liabilities	-	295,655,973	295,655,973
Amendment of lease contract	-	(4,259,647)	(4,259,647)
Amortization of debt issue cost	68,067,621	-	68,067,621
Balance at December 31, 2021	**P 32,021,719,390**	**P 1,126,130,301**	**P33,147,849,691**

	Bank Loans (see Note 15)	Lease Liabilities (see Note 12)	Total
Balance as of January 1, 2020	P 16,846,756,577	P 140,276,458	16,987,033,035
Cash flows from financing activities			
Additional borrowings	12,583,999,063	-	12,583,999,063
Repayment of borrowings	(5,672,248,772)	(105,339,849)	(5,777,588,621)
Non-cash financing activities			
Additional lease liabilities	-	818,482,704	818,482,704
Amendment of lease contract	-	(18,685,338)	(18,685,338)
Amortization of debt issue cost	35,476,843	-	35,476,843
Balance at December 31, 2020	P 23,793,983,711	P 834,733,975	P24,628,717,686
Balance as of January 1, 2019	P 10,641,280,311	P -	10,641,280,311
Cash flows from financing activities			
Additional borrowings	10,453,706,073	-	10,453,706,073
Repayment of borrowings	(4,265,207,842)	(39,719,752)	(4,304,927,594)
Non-cash financing activities			
Additional lease liabilities	-	179,996,210	179,996,210
Amortization of debt issue cost	16,978,035	-	16,978,035
Balance at December 31, 2019	P 16,846,756,577	P 140,276,458	P16,987,033,035

34. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

Discussed below are the supplemental information on non-cash investing and financing activities relative to the consolidated statements of cash flows of the Group.

(a) The Group recognized Right-of-Use assets and Lease Liabilities amounting to P290,015,132 and P818,482,704 in 2021 and 2020, respectively (see Notes 12 and 33).

(b) In 2021 and 2020, Deposits for Land for Future Development of P1,076,100,742 and P1,457,731,053, respectively, were reclassified to Real Estate Inventories (see Notes 7 and 8).

(c) In 2021 and 2020, borrowing costs that were capitalized as part of Real Estate Inventories and Investment Properties totaling P1,276,301,172 and P1,122,389,885, respectively (see Notes 7, 13 and 15).

(d) In 2021 and 2020, the Group recognized unpaid construction costs of P779.3 million and P666.7 million, respectively, in Investment Properties (see Note 13).

(e) In 2021, the group reclassified assets from Investment Properties totaling P1,840,846,826 and P7,977,039 to Real Estate Inventories and Property Equipment, respectively. In 2020, the Group reclassified assets from Investment Properties totaling P997,649,685 and P86,104,197 to Real Estate Inventories and Property and Equipment, respectively (see Notes 7, 11 and 13).

35. OTHER MATTERS

35.1 Continuing Impact of COVID-19 Pandemic

The country, including Visayas and Mindanao, has gradually opened its economy over the last quarter of 2020 as the daily COVID-19 positivity rate declines. The Group's operations continue to navigate and weather the pandemic's effects. The Group has made significant progress during the first nine months of 2021 which includes:

- Increased construction activity from 70% during the height of the mandated lockdowns to 97% across VisMin sites;
- Launched seven projects worth P11.6 billion, including high and mid-market projects as the economic recovery continues to take place;
- Continued to offer promotions on stretched equity installments to further support the robust sales performance;
- Granted payment deferrals and grace period to buyers on their equity installments upon request;
- Incurred extra costs to promote health and safety protocols for both customers and employees to lessen the spread of the virus, provided cash assistance to Group employees and third-party contractors workers, and supported frontliners and local government units through donations;
- Rolled-out Vaccination Programs to all employees across Visayas and Mindanao in partnership with AC Health and Velez Medical with a full vaccination target before the end of 2021; and,
- Return of office-work arrangement by providing employees with an exclusive transportation service to reduce public exposure and transmission. For employees with special circumstances, offered flexible schedules and work-from-home arrangements.

Furthermore, the Group continues to strengthen its digitalization and growth efforts across the organization. It launched a number of digital channels, including the following:

- Buy-A-Home microsite to provide sales partners quick access to new project inventories and promotions;
- Masters Portal application for homeowners to track their payment status, get construction updates and promotions;
- Online turn-over experience;
- CLIO, CLI's 24/7 Facebook chatbot to respond to general inquiries;
- CLI 360 Virtual Tours on selected projects to check progress;
- CLI Homefest, a virtual exhibition of CLI's projects; and,
- Virtual project launches and topping off

Solid catalysts in Visayas and Mindanao support the Group's growth and expansion plans. The regions are well positioned for a V-shape recovery, with a Gross Regional Domestic Product reduction of only 4.95% compared to the 9.45% reduction for the rest of the country. This is further supported by advantages of a low-interest rate environment, tax measures that favor middle and low-income house buyers, and the passage of the CREATE Act.

The Group has strong foundations in place to adapt to the new normal from strategy to execution. It has demonstrated execution competence during the pandemic through its robust sales and positive operating results. Management anticipates that the Group can continue its growth trajectory which was halted in 2020.

35.2 Impact of Typhoon "Odette" on the Group's Business

On December 14, 2021, severe tropical storm "Rai" entered the Philippine Area of Responsibility (PAR) and was named "Odette". On December 15, 2021, Odette intensified into a typhoon as it moved westward over the Philippine Sea east of Mindanao. On December 16, 2021, Odette rapidly intensified and heavily affected the areas of Surigao del Norte, Caraga region, Southern Leyte, Bohol, Cebu, Negros Oriental, Siquijor, the southern and central portions of Negros Oriental and Guimaras. Odette left the PAR on December 18, 2021.

As a result of this, the Group sustained damages in its projects and properties in Cebu. CLI, El Camino, MGR and BL Ventures reported calamity damages, net of estimated insurance claims, amounting to P89,558,963, P28,628,963, P6,980,141 and P4,671,293, respectively, for a total loss of P129,839,360 in the consolidated statement of profit or loss in 2021 (see Note 20.2). No other subsidiaries in the Group reported calamity damages from the typhoon. Magspeak, an associate, reported a calamity loss of P1,993,750 in its statement of profit or loss.

Pursuant to the Bureau of Internal Revenue (BIR) Revenue Memorandum Order No. 031-09, in relation to Section 34 (D)(1)(b) of the National Internal Revenue Code, as amended, CLI, El Camino, MGR, BL Ventures and Magspeak filed notarized declarations of casualty losses on February 23, 2022 to BIR, prior to the deadline on February 29, 2022 as extended under BIR Revenue Regulations No. 1-2022.

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Grant Thornton

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

Punongbayan & Araullo
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The Enterprise Center
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1200 Makati City
Philippines

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The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (the Group) for the year ended December 31, 2021, on which we have rendered our report dated March 29, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 29, 2022

Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
List of Supplementary Information
December 31, 2021

Table of Contents

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Schedule A - Financial Assets
December 31, 2021

Type of securities	*Amount Shown in the Statement of Financial Position*	*Income Received and Accrued*
Financial Assets at Amortized Cost		
Cash and Cash Equivalents		
Cash in banks	P 769,344,992	P 2,625,116
Short-term placements	321,932,538	6,075,985
Cash on hand	4,544,386	-
	1,095,821,916	8,701,101
Receivables		
Contract receivables	5,497,787,337	-
Rent receivable	61,234,152	-
Retention receivable	81,429,356	-
Management fee receivables	50,087,038	-
Other receivables	313,789,508	-
	6,004,327,391	-
Due from Related Parties	57,434,271	-
Short-term investments	149,901,854	-
Other Non-Current Assets		
Refundable deposits	94,473,055	-
Total	**P 7,401,958,487**	**P 8,701,101**

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Cebu Landmasters, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)

December 31, 2021

				Deductions		Ending Balance		
Name and designation of debtor	*Balance at beginning of period*	*Additions*	*Reclassification*	*Amounts collected*	*Amounts Written off*	*Current**	*Not-current***	*Balance at end of period*
Entities Under Common Ownership:								
Condominium Corporation								
Park Centrale Condo Corporation	P 5,000	(P 98,926)	P -	P -	P -	(P 93,926)	P -	(P 93,926)
Baseline Residences Condo Corporation	2,751,098	645,955	-	(72,773)	-	3,324,280	-	3,324,280
Mivesa Garden Residences Condo Corporation	1,149,426	-	-	(518,782)	-	630,644	-	630,644
Midori Residences Condo Corporation	21,689	45,233	-	(23,543)	-	43,378	-	43,378
Asia Premier Condo Corporation	(213,371)	-	-	(194,839)	-	(408,211)	-	(408,211)
Casa Mira Towers Labangon	6,207,219	2,780,460	-	-	-	8,987,679	-	8,987,679
Base Line Center Condo Corporation	6,673,994	6,282,795	-	-	-	12,956,789	-	12,956,789
Mesaverte Residences Condominium Corporation	1,355,151	1,355,151	-	-	-	2,710,302	-	2,710,302
	17,950,206	11,010,667	-	(809,938)	-	28,150,935	-	28,150,935
Homeowners' Associations								
Midori Plains	361,292	-	-	-	-	361,292	-	361,292
San Josemaria Villages	105,912	1,762	-	-	-	107,674	-	107,674
Velmiro Heights	800,717	-	-	(57,330)	-	743,387	-	743,387
Casa Mira Linao	1,545,268	592,861	-	-	-	2,138,129	-	2,138,129
	2,813,189	594,623	-	(57,330)	-	3,350,482	-	3,350,482
Others								
Cebu Lanmasters Foundation, Inc.	22,948	-	-	-	-	22,948	-	22,948
Regalos de Cebu	1,114,657	3,021,518	-	(1,906,861)	-	2,229,314	-	2,229,314
	1,137,605	3,021,518	-	(1,906,861)	-	2,252,262	-	2,252,262
	21,901,000	14,626,808	-	(2,774,129)	-	33,753,679	-	33,753,679
Associates:								
Ming-mori Development Corporation	49,504	245,504	-	(196,000)	-	99,008	-	99,008
Ultimate Parent Company	214,172,636	55,251,798	-	-	-	269,424,434	-	269,424,434
Key Management Personnel	43,259,635	39,075,750	-	(2,996,795)	-	79,338,590	-	79,338,590
	P 279,382,775	**P 109,199,860**	P **-**	**(P 5,966,924)**	P **-**	**P 382,615,712**	P **-**	**P 382,615,712**

**Due within one year*
***Due beyond one year*

Cebu Landmasters, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

December 31, 2021

				Deductions				
Name and Designation of debtor	*Balance at beginning of period*	*Additions*	*Reclassification*	*Amounts collected*	*Amounts written off*	*Current**	*Non-current***	*Balance at end of period*
CLI Premier Hotels Int'l. Inc.	P 1,610,883	P 15,806,420	P -	P -	P -	P 17,417,303	P -	P 17,417,303
Cebu Landmasters Property Management, Inc.	2,060,710	11,366,513	-	(6,018,626)	-	7,408,596	-	7,408,596
A.S. Fortuna Property Ventures, Inc.	-	-	(59,610,753)	-	-	(59,610,753)	-	(59,610,753)
BL CBP Ventures, Inc.	174,600	10,644,131	-	(8,654,605)	-	2,164,126	-	2,164,126
Yuson Excellence Soberano, Inc.	73,567	48,292,946	-	(2,825,071)	-	45,541,442	-	45,541,442
CCLI Premier Hotels Int'l. Inc.	6,227,795	12,608	-	-	-	6,240,403	-	6,240,403
Mivesa Garden Residences, Inc.	1,230,635	9,984,594	-	(5,812,094)	-	5,403,136	-	5,403,136
El Camino Developers Cebu, Inc.	4,476,285	-	(803,149)	(8,675,903)	-	(5,002,768)	-	(5,002,768)
Yuson Huang Excellence Soberano, Inc.	80,077	5,892,625	-	(4,116,057)	-	1,856,645	-	1,856,645
YHEST Realty and Development Corporation	37,785	172,037	-	-	-	209,822	-	209,822
Cebu BL-Ramos Ventures, Inc.	-	209,857,639	-	-	-	209,857,639	-	209,857,639
GGTT Realty Corporation	-	223,286	-	-	-	223,286	-	223,286
Cebu Homegrown Developers, Inc.	-	-	(3)	-	-	(3)	-	(3)
	P 15,972,337	**P 312,252,797**	**(P 60,413,906)**	**(P 36,102,356)**	**P -**	**P 231,708,872**	**P -**	**P 231,708,872**

**Due within one year*
***Due beyond one year*

Cebu Landmasters, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2021

Title of issue and type of obligation	*Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position*	*Amount shown under caption "Long-Term Debt" in related Statement of Financial Position*	*Interest Rate*	*No. of Periodic Installments*	*Maturity Date*
Promissory notes					
Bank of the Philippine Islands	P 593,009,670	P 3,215,021,654	4.0000% to 7.1250%	Various	01/20/21 to 09/24/28
Land Bank of the Philippines	225,727,433	1,687,028,009	4.0310% to 5.2500%	Various	05/30/28 to 08/30/29
BDO, Unibank	76,933,015	829,901,483	1.8400% to 6.000%	Various	07/25/27
Bank of Commerce	100,000,000	-	4.750%	Various	01/20/21
Development Bank of the Philippines	-	374,996,428	4.2010% to 5.0000%	Various	09/30/26 to 05/30/34
China Banking Corporation	174,189,899	267,737,374	5.2500% to 6.2500%	Various	03/08/23 to 06/26/23
Rizal Commercial Banking Corporation	-	436,123,058	4.8000% to 5.5500%	Various	06/28/26 to 12/23/30
Philippine National Bank	246,825,000	722,341,671	4.0000% to 6.5000%	Various	12/06/21 to 07/12/24
	1,416,685,017	7,533,149,676			
Corporate notes					
BDO Unibank Inc.	-	990,072,253	7.25%	17	12/20/25
Bank of the Philippine Islands	-	1,681,813,017	3.5370% to 7.2500%	17	12/20/25
China Banking Corporation	-	3,950,626,226	3.4610% to 7.2500%	13 to 29	09/04/25 to 10/20/28
Development Bank of the Philippines	-	1,974,560,914	3.5370% to 4.6553%	17	04/28/27
Land Bank of the Philippines	17,857,143	1,958,791,935	4.2323% to 6.6300%	29	08/02/28 to 03/10/30
Rizal Commercial Banking Corporation	-	1,974,175,349	3.5370% to 4.6553%	13-17	09/04/25 to 04/28/27
Social Security System	-	296,252,181	3.461%	12	09/04/25
ALFM	2,000,000,000	-	4.75%	1	04/30/21
	2,017,857,143	12,826,291,875			
	P 3,434,542,160	**P 20,359,441,551**			

Cebu Landmasters, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties
December 31, 2021

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

NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2021

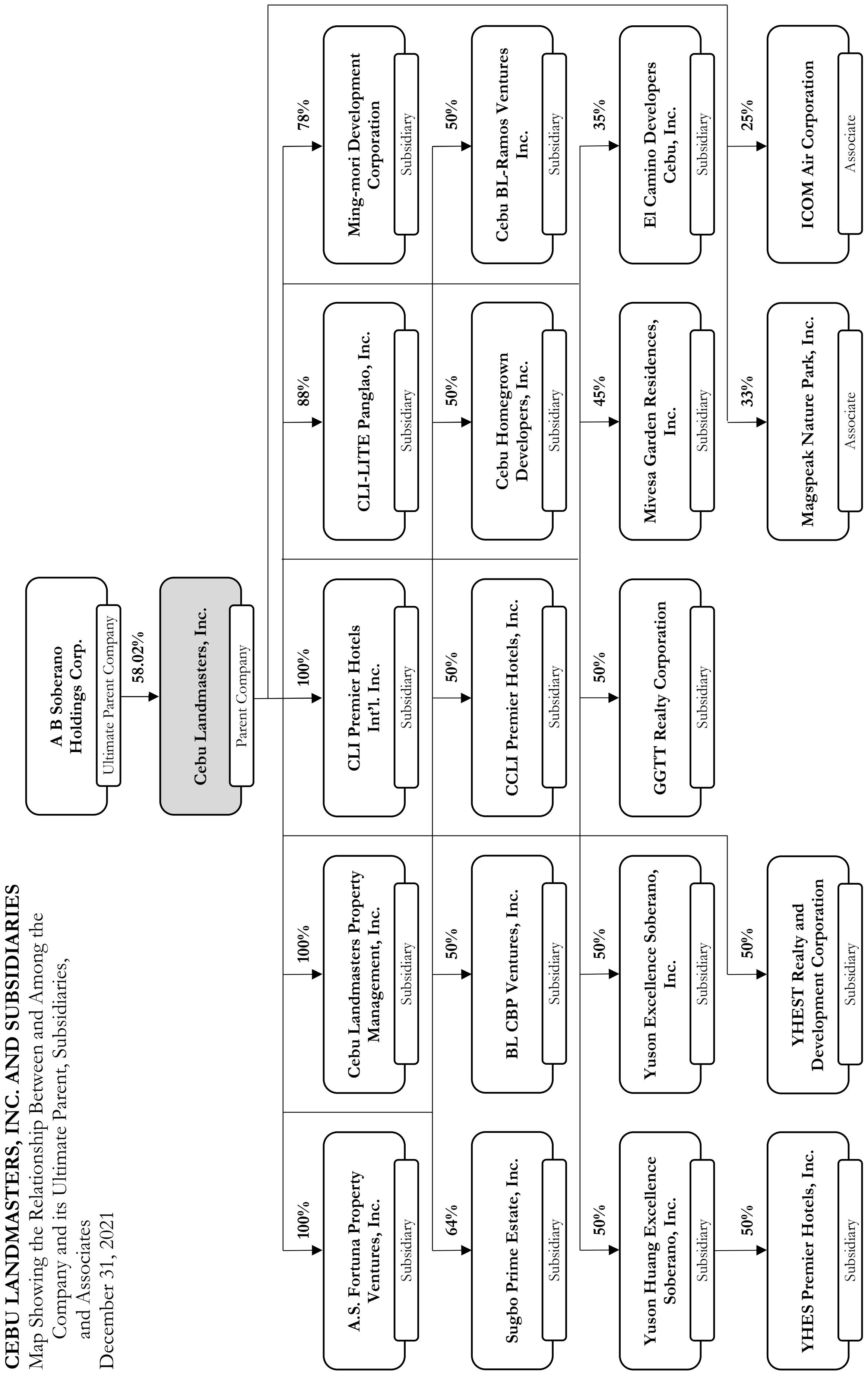
Name of issuing entity of securities guaranteed by the company for which this statement is filed	*Title of issue of each class of securities guaranteed*	*Total amount guaranteed and outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2021

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related Statement of Financial Position caption*	*Number of shares reserved for options, warrants, coversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Common shares - P1 par value						
Authorized	2,400,000,000					
Issued and outstanding		1,554,999,600	159,000,400	994,395,197	21,750,003	538,854,400
Preferred Shares - P0.10 par value						
Authorized	1,000,000,000					
Issued and outstanding		-	-	-	-	-

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and Among the Company and its Ultimate Parent, Subsidiaries, and Associates
December 31, 2021



- 8 -

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City
Reconciliation of Retained Earnings Available for Dividend Declaration
as of December 31, 2021
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year		P 2,197,217,445
Prior Year's Outstanding Reconciling Items, net of tax		
Share in profit of subsidiaries and associates		(761,728,959)
Treasury stock, at cost		(732,851,016)
Unappropriated Retained Earnings Available for Dividend declaration at beginning of Year, as Adjusted		702,637,470
Net Profit Realized during the Year	P 2,604,289,260	
Share in profit of subsidiaries and associates	(25,077,962)	2,579,211,298
Other Transactions During the Year		
Release of appropriated retained earnings	3,777,454,711	
Cash dividend declared	(388,749,900)	
Stock dividends declared	(1,909,451,997)	
Acquisition of treasury stock during the year	(15,320,885)	1,463,931,929
Unappropriated Retained Earnings Available for Dividend declaration at end of Year		**P 4,745,780,697**

9

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Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

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The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

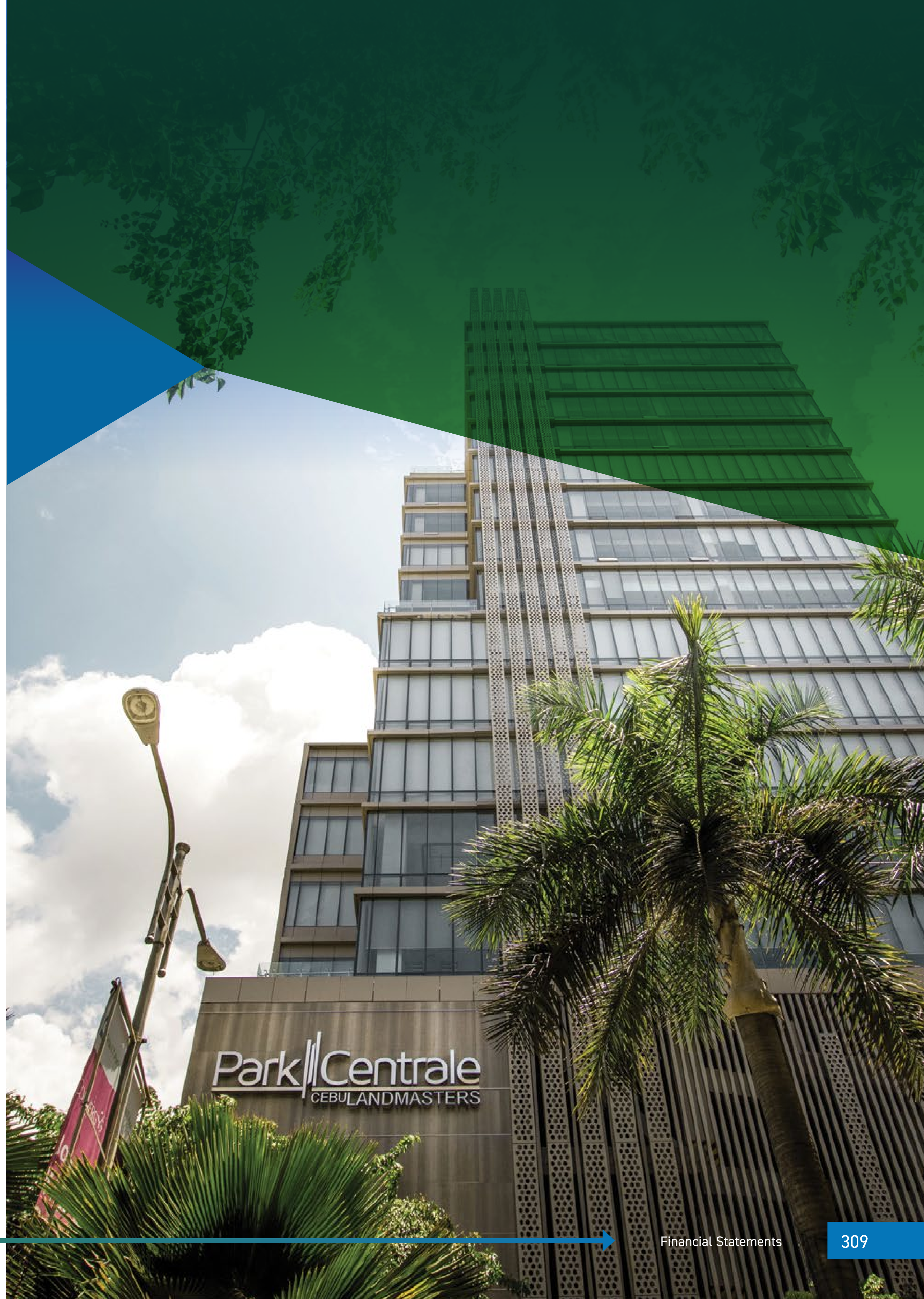
We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 29, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 29, 2022



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GRI 102: GENERAL DISCLOSURES 2016			
GRI Standard	**Disclosure Number and Title**	**Page**	**Direct Answer or Statement of Omission**
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	102-2 Activities, brands, products and services	6 SEC Form 17A 2021 EESG Report page 1	
	102-3 Location of headquarters	6 SEC Form 17A 2021 EESG Report page 1	
	102-4 Location of operations	6 SEC Form 17A 2021 EESG Report page 1	
	102-5 Ownership and legal form	6 SEC Form 17A 2021 EESG Report page 1	
	102-6 Markets served	7,29 SEC Form 17A 2021 EESG Report page 1	
	102-7 Scale of the organization	7 SEC Form 17A 2021 EESG Report page 2	
	102-8 Information on employees and other workers	15	

GRI Standard	Disclosure Number and Title	Page	Direct Answer or Statement of Omission
Organizational Profile	102-9 Supply chain	SEC Form 17A 2021 EESG Report page 30-34	
	102-10 Significant changes to the organization and its supply chain	SEC Form 17A 2021 EESG Report page 31	
	102-11 Precautionary Principle or approach	151-153	
	102-12 External initiatives	17-18	
	102-13 Membership of associations	SEC Form 17A 2021 EESG Report page 2	
Strategy	102-14 Statement from senior decision-maker	20-21	
	102-15 Key impacts, risks, and opportunities	172-173	
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	6,7 SEC Form 17A 2021 EESG Report page 70	
Governance	102-18 Governance structure	91 SEC Form 17A 2021 EESG Report page 70	
	102-19 Delegating authority	91	
	102-20 Executive-level responsibility for economic, environmental, and social topics	91	
	102-28 Evaluating the highest governance body's performance	SEC Form 17A 2021 EESG Report page 75	

GRI Standard	Disclosure Number and Title	Page	Direct Answer or Statement of Omission
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	102-44 Key topics and concerns raised	88-89	
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	102-49 Changes in reporting	-	none
	102-50 Reporting period	4	
	102-51 Date of most recent report	-	Cebu Landmasters, Inc. (CLI) First Integrated Report 2021, Maestro
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	103-2 The management approach and its components	SEC Form 17A 2021 EESG Report page 27	
	103-3 Evaluation of the management approach	SEC Form 17A 2021 EESG Report page 27	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	93	
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	303-2 Management of water-discharge related impacts	SEC Form 17A 2021 EESG Report page 44	
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	303-4 Water discharge	118	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	SEC Form 17A 2021 EESG Report pages 44-45	
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GRI Standard	Disclosure Number and Title	Page	Direct Answer or Statement of Omission
GRI 103: Management Approach 2016	103-3 Evaluation of the management approach	SEC Form 17A 2021 EESG Report pages 44-45	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	126-129	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	121 SEC Form 17A 2021 EESG Report page 48	
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	103-3 Evaluation of the management approach	121 SEC Form 17A 2021 EESG Report page 48	
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	305-2 Energy indirect (Scope 2) GHG emissions	121-122	
	305-3 Other indirect (Scope 3) GHG emissions	121-122	
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	306-2 Management of significant waste-related impacts	120 SEC Form 17A 2021 EESG Report pages 51-52	
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	306-4 Waste diverted from disposal	120	

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	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	133-134	
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	403-4 Worker participation, consultation, and communication on occupational health and safety	135	
	403-5 Worker training on occupational health and safety	135	
	403-6 Promotion of worker health	135	
	403-9 Work-related injuries	135	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	SEC Form 17A 2021 EESG Report page 58	

GRI Standard	Disclosure Number and Title	Page	Direct Answer or Statement of Omission
GRI 103: Management Approach 2016	103-2 The management approach and its components	SEC Form 17A 2021 EESG Report page 58	
	103-3 Evaluation of the management approach	SEC Form 17A 2021 EESG Report page 58	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	137-138	
	404-3 Percentage of employees receiving regular performance and career development reviews	SEC Form 17A 2021 EESG Report page 59	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	132	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	-	Cebu Landmasters, Inc. (CLI) observes fair labor practice.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Cebu Landmasters, Inc. (CLI) observes fair labor practice.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	-	Cebu Landmasters, Inc. (CLI) observes fair labor practice and does not tolerate any form of discrimiantion.
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	136 SEC Form 17A 2021 EESG Report page 60	
	103-2 The management approach and its components	136 SEC Form 17A 2021 EESG Report page 60	
	103-3 Evaluation of the management approach	136 SEC Form 17A 2021 EESG Report page 60	

GRI Standard	Disclosure Number and Title	Page	Direct Answer or Statement of Omission
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	131, 136	
GRI 412: Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	131, 136	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	141-143	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	138-140	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	140 SEC Form 17A 2021 EESG Report page 68	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	-	Cebu Landmasters, Inc. (CLI) abides with laws and regulations concerning Socio-economic compliance of 2016.

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