P&A Grant Thornton

Report of Independent Auditors

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

T +63 2 8988 2288

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

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								Non-controlling Interests (See Note 26)	Total
	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	Retained Earnings (See Note 26) Unappropriated	Retained Earnings (See Note 26) Total	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)

	Notes	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.

(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**	**P13,257,992,141**	**P 47,761,136**	**P 668,752,885**	**P 73,216,436,183**
Segment liabilities	**47,210,106,719**	**36,400,266**	**8,264,159**	**476,195,105**	**47,730,966,249**

	2020				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 8,146,432,329	P 55,237,972	P 42,591,886	P 54,558,131	P 8,298,820,318
Intersegment sales	32,386,714	6,290,421	51,071,575	-	89,748,710
Total revenues	8,178,819,043	61,528,393	93,663,461	54,558,131	8,388,569,028
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	4,208,259,774	-	14,537,862	19,620,573	4,242,418,209
Operating expenses excluding depreciation and amortization	1,213,385,183	6,692,007	2,381,485	43,355,942	1,265,814,617
Depreciation and amortization	64,330,744	39,693,249	95,630	-	104,119,623
Reversal of impairment losses	-	-	252,478	-	252,478
Total costs and expenses	5,485,975,701	46,385,256	17,267,455	62,976,515	5,612,604,927
FINANCE COST (INCOME)					
Interest expense on:					
Loans	8,677,442	-	-	-	8,677,442
Lease liabilities	-	8,505,235	-	48,622,585	57,127,820
Amortization of day one loss - net	(30,761,435)	-	-	-	(30,761,435)
Interest income on banks	(8,701,101)	-	-	-	(8,701,101)
Total finance cost (income)	(30,785,094)	8,505,235	-	48,622,585	26,342,726
SEGMENT PROFIT (LOSS) BEFORE TAX	P 2,723,628,436	P 6,637,902	P 76,396,006	(P 57,040,969)	P 2,749,621,375

	2020 Real Estate	Rental	Management Services	Hotel Operations	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	Rental	Management Services	Hotel Operations	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**	P50,917,788,598	
Elimination of intercompany accounts	**(6,564,330,750)**	(827,287,155)	
Total assets as reported in statements of financial position	**P66,652,105,433**	P50,090,501,443	
Liabilities			
Segment liabilities	**P47,730,966,249**	P33,233,657,179	
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**	P34,563,259,985	

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**	P 5,550,553,929
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	P 6,141,958,762

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**	P 1,289,398,997
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**	P 1,087,635,323
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**

Office Transportation Furniture Leasehold Construction

	Land	Building	Equipment	Equipment	and Fixture	Improvements	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.

		Amount of Transaction			Outstanding Balance	
	Notes	**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 Taekwoord, 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**	P 1,669,423,173
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**	P 1,124,238,632
Non-current Assets	**679,432**	-
Total assets	**P 638,247,838**	P 1,124,238,632
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	**P 1,213,979,318**	P 1,471,238,819
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**	P 1,179,933,413
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
	P 19,954,638,425	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			Past due but	Individually	
	High grade	Standard grade	Unrated	not impaired	impaired	Total
Cash	P 1,095,821,916	P -	P -	P -	P -	P 1,095,821,916
Receivables						
Contract	-	3,706,239,761	-	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			Past due but	Individually	
	High grade	Standard grade	Unrated	not impaired	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.

	Notes	2021 Carrying Value	2021 Fair Value	2020 Carrying Value	2020 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: Financial assets	Gross amounts recognized in the consolidated statements of financial position: Financial liabilities set off	Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position: Financial instruments	Related amounts not set-off in the consolidated statements of financial position: 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: Financial liabilities	Gross amounts recognized in the consolidated statements of financial position: Financial assets set off	Net amount presented in the consolidated statements of financial position	Related amounts not set-off in the consolidated statements of financial position: Financial instruments	Related amounts not set-off in the consolidated statements of financial position: 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.

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

T +63 2 8988 2288

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (the Group) for the year ended December 31, 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**

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

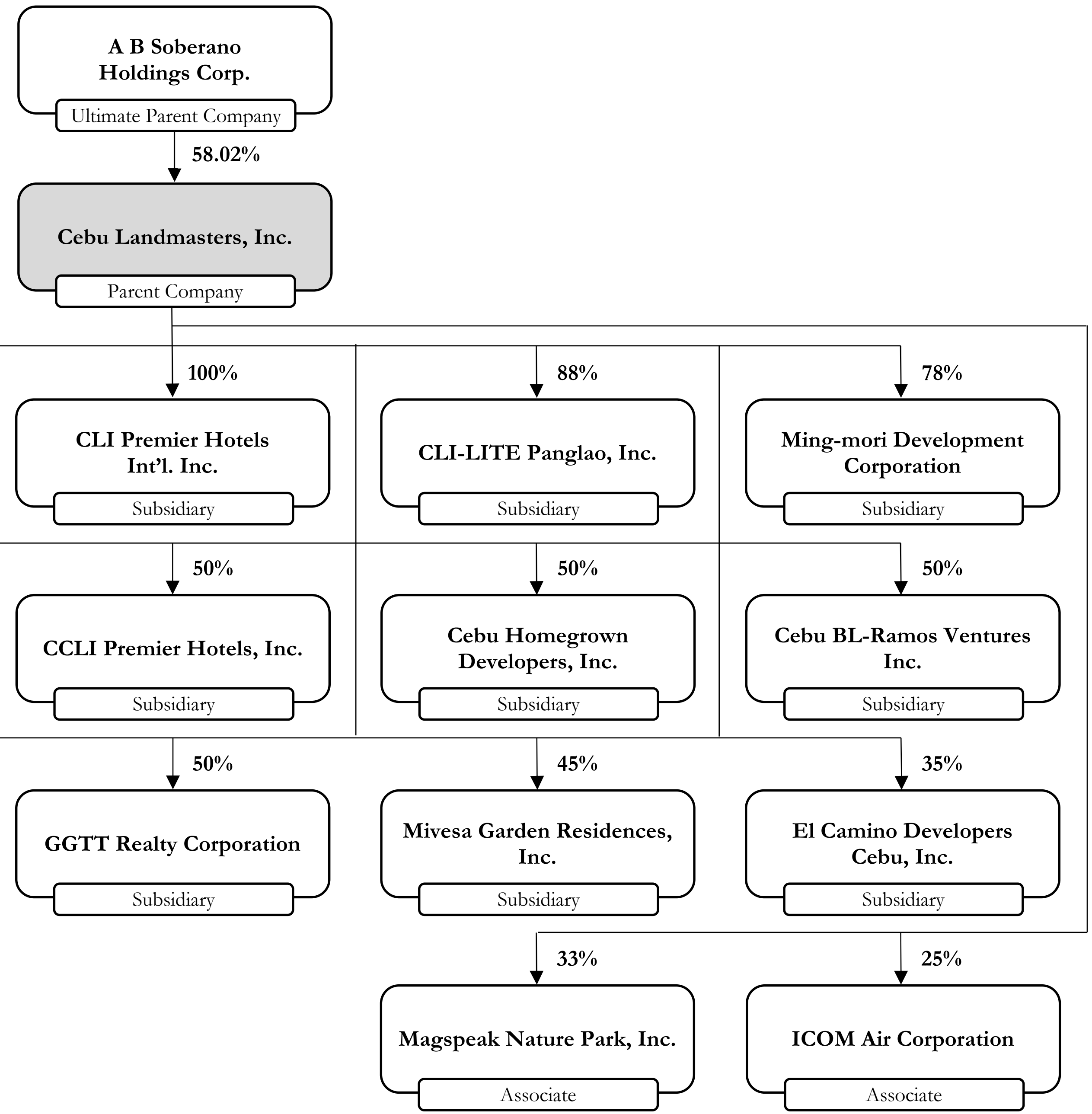
Name of issuing entity of securities guaranteed by the company for which this statement is filed	*Title of issue of each class of securities guaranteed*	*Total amount guaranteed and outstanding*	*Amount owned by person for which statement is filed*	*Nature of guarantee*

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



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**

P&A Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

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

T +63 2 8988 2288

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and subsidiaries (the Group) as at December 31, 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

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020
(Amounts in Philippine Pesos)

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 37,002,075,676 Divide by: Total Current Liabilities 22,163,706,708 Current Ratio 1.67	1.67	Total Current Assets divided by Total Current Liabilities Total Current Assets 27,600,305,172 Divide by: Total Current Liabilities 11,453,378,896 Current Ratio 2.41	2.41
Acid test ratio	Quick assets (Cash and cash equivalents plus Current Receivables and Current Receivables and Due from Related Parties) divided by Total Current Liabilities Csah and cash equivalents 1,095,821,916 Add: Current Receivables 5,844,643,647 Current Contract Assets 6,558,006,000 Due from Related Parties 57,434,271 Quick Assets 13,555,905,834 Divide by: Total Current Liabilities 22,163,706,708 Acid test ratio 0.61	0.61	Quick assets (Cash and cash equivalents plus Current Receivables and Current Receivables and Due from Related Parties) divided by Total Current Liabilities Csah and cash equivalents 797,184,790 Add: Current Receivables 6,020,754,434 Current Contract Assets 3,642,591,056 Due from Related Parties 21,950,504 Quick Assets 10,482,480,784 Divide by: Total Current Liabilities 11,453,378,896 Acid test ratio 0.92	0.92
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities 48,719,923,909 Divide by: Total Assets 66,652,105,433 Solvency ratio 0.73	0.73	Total Liabilities divided by Total Assets Total Liabilities 34,563,259,985 Divide by: Total Assets 50,090,501,443 Solvency ratio 0.69	0.69
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 48,719,923,909 Divide by: Total Equity 17,932,181,524 Debt-to-equity ratio 2.72	2.72	Total Liabilities divided by Total Equity Total Liabilities 34,563,259,985 Divide by: Total Equity 15,527,241,458 Debt-to-equity ratio 2.23	2.23
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 66,652,105,433 Divide by: Total Equity 17,932,181,524 Assets-to-equity ratio 3.72	3.72	Total Assets divided by Total Equity Total Assets 50,090,501,443 Divide by: Total Equity 15,527,241,458 Assets-to-equity ratio 3.23	3.23
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax 3,103,590,661 Add: Interest charged to: Cost of Sales 307,427,540 Finance cost 180,676,863 EBIT 3,591,695,064 Divide by: Interest Expense* 1,406,293,482 Interest rate coverage ratio 2.55 **Includes 1,225,616,619 interest capitalized as part of real estate inventory and investment property*	2.55	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax 2,791,580,908 Add: Interest charged to: Cost of Sales 394,329,036 Finance cost 2,439,236 EBIT 3,188,349,180 Divide by: Interest Expense* 1,124,829,121 Interest rate coverage ratio 2.83 **Includes 1,122,389,885 interest capitalized as part of real estate inventory and investment property*	2.83
Return on equity	Net Profit divided by Total Ave. Equity Net Profit 2,670,871,617 Divide by: Total Ave. Equity 16,729,711,491 Return on equity 16%	16%	Net Profit divided by Total Ave. Equity Net Profit 2,075,727,321 Divide by: Total Ave. Equity 14,637,749,873 Return on equity 14%	14%
Return on assets	Net Profit divided by Total Ave. Assets Net Profit 2,670,871,617 Divide by: Total Ave. Asssets 58,371,303,438 Return on assets 5%	5%	Net Profit divided by Total Ave. Assets Net Profit 2,075,727,321 Divide by: Total Ave. Asssets 44,186,971,840 Return on assets 5%	5%
Net profit margin	Net Profit divided by Revenues Net Profit 2,670,871,617 Divide by: Total Revenue 11,162,170,684 Return on assets 24%	24%	Net Profit divided by Revenues Net Profit 2,075,727,321 Divide by: Total Revenue 8,298,820,318 Return on assets 25%	25%
Other ratio				
Gross profit margin	Gross Profit divided by Total Revenue Gross Profit 5,189,881,020 Divide by: Total Revenue 11,162,170,684 Gross profit margin 46%	46%	Gross Profit divided by Total Revenue Gross Profit 4,016,708,860 Divide by: Total Revenue 8,298,820,318 Gross profit margin 48%	48%

P&A Grant Thornton

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Cebu Landmasters, Inc.

December 31, 2021, 2020 and 2019

P&A
Grant Thornton

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

T +63 2 8988 2288

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 33 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 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.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	P 333,090,459	P 421,353,771
Receivables	5	3,858,553,483	4,628,877,683
Contract assets	16	4,197,781,332	231,041,792
Real estate inventories	6	9,948,060,927	7,728,537,996
Deposits on land for future development	7	-	699,772,860
Due from related parties	24	1,009,485,690	327,430,566
Prepayments and other current assets	8	3,165,580,633	1,916,066,118
Total Current Assets		22,512,552,524	15,953,080,786
NON-CURRENT ASSETS			
Receivables	5	161,127,276	121,204,329
Contract assets	16	12,058,377,792	9,239,614,483
Investments in subsidiaries and associates	9	5,878,006,728	4,621,527,207
Property and equipment - net	10	393,883,159	331,314,799
Right-of-use assets - net	11	880,257,377	944,928,214
Investment properties - net	12	6,278,133,219	4,029,486,377
Other non-current assets - net	13	385,106,174	425,200,910
Total Non-current Assets		26,034,891,725	19,713,276,319
TOTAL ASSETS		P 48,547,444,249	P 35,666,357,105
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	P 7,529,549,385	P 2,689,370,594
Trade and other payables	15	7,804,074,512	5,367,386,423
Contract liabilities	16	353,200,147	361,720,625
Customers' deposits	16	57,469,700	91,252,115
Total Current Liabilities		15,744,293,744	8,509,729,757
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	19,380,660,006	16,445,648,674
Lease liabilities	11	834,573,823	828,252,812
Trade and other payables	15	142,482,853	143,774,509
Post-employment defined benefit obligation	22	4,753,329	621,184
Deferred tax liabilities - net	23	1,517,640,834	1,014,424,518
Total Non-current Liabilities		21,880,110,845	18,432,721,697
Total Liabilities		37,624,404,589	26,942,451,454
EQUITY	25		
Capital stock		3,623,451,997	1,714,000,000
Additional paid-in capital		1,608,917,974	1,608,917,974
Treasury stock, at cost		(748,171,901)	(732,851,016)
Revaluation reserves - net		(13,477,472)	(12,883,375)
Retained earnings		6,452,319,062	6,146,722,068
Total Equity		10,923,039,660	8,723,905,651
TOTAL LIABILITIES AND EQUITY		P 48,547,444,249	P 35,666,357,105

See Notes to Financial Statements.

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

	Notes	2021	2020	2019
REVENUES	16			
Real estate sales		P 9,399,697,717	P 6,518,964,748	P 5,668,219,877
Rental		67,989,495	61,528,393	63,159,194
Management fees		110,519,689	58,390,712	50,735,056
		9,578,206,901	6,638,883,853	5,782,114,127
COST OF SALES AND SERVICES	17, 18	(4,839,619,063)	(3,353,969,666)	(2,843,404,532)
GROSS PROFIT		4,738,587,838	3,284,914,187	2,938,709,595
OPERATING EXPENSES	18	(1,631,230,305)	(1,053,445,876)	(880,894,267)
OTHER OPERATING INCOME	19	206,723,560	52,800,123	40,753,078
OPERATING PROFIT		3,314,081,093	2,284,268,434	2,098,568,406
SHARE IN NET PROFIT OF SUBSIDIARIES AND ASSOCIATES	9	24,587,593	149,794,695	316,067,810
FINANCE COSTS	21	(153,469,616)	(65,579,462)	(44,793,051)
FINANCE INCOME	20	30,505,137	44,847,361	45,492,937
IMPAIRMENT REVERSAL ON FINANCIAL ASSETS		-	-	35,317,185
OTHER LOSSES - Net	19	(90,966,879)	(685,956)	(349,967)
PROFIT BEFORE TAX		3,124,737,328	2,412,645,072	2,450,303,320
TAX EXPENSE	23	(520,938,437)	(546,670,500)	(425,960,156)
NET PROFIT		P 2,603,798,891	P 1,865,974,572	P 2,024,343,164

See Notes to Financial Statements.

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

	Notes	2021	2020	2019
NET PROFIT		**P 2,603,798,891**	P 1,865,974,572	P 2,024,343,164
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of post-employment defined benefit plan	22	**435,092**	(8,991,642)	8,341,738
Tax income (expense)	23	**(1,029,189)**	2,697,492	(2,502,521)
Other Comprehensive Income (Loss) - Net of tax		**(594,097)**	(6,294,150)	5,839,217
TOTAL COMPREHENSIVE INCOME		**P 2,603,204,794**	P 1,859,680,422	P 2,030,182,381

See Notes to Financial Statements.

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

	Capital Stock (see Note 25)	Additional Paid-in Capital (see Note 25)	Treasury Stock, at Cost (see Note 25)	Revaluation Reserves (see Note 25)	Retained Earnings (see Note 25)			Total
					Appropriated	Unappropriated	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 2,197,217,445**	**P 6,146,722,068**	**P 8,723,905,651**
Transactions with owners:								
Issuance of shares through stock dividend	**1,909,451,997**	**-**	**-**	**-**	**-**	**(1,909,451,997)**	**(1,909,451,997)**	**-**
Cash dividend	**-**	**-**	**-**	**-**	**-**	**(388,749,900)**	**(388,749,900)**	**(388,749,900)**
Acquisition of treasury stock	**-**	**-**	**(15,320,885)**	**-**	**-**	**-**	**-**	**(15,320,885)**
	1,909,451,997	**-**	**(15,320,885)**	**-**	**-**	**(2,298,201,897)**	**(2,298,201,897)**	**(404,070,785)**
Reversal of appropriations during the year	**-**	**-**	**-**	**-**	**(3,777,454,711)**	**3,777,454,711**	**-**	**-**
Total comprehensive income for the year:								
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**2,603,798,891**	**2,603,798,891**	**2,603,798,891**
Other comprehensive loss	**-**	**-**	**-**	**(594,097)**	**-**	**-**	**-**	**(594,097)**
	-	**-**	**-**	**(594,097)**	**-**	**2,603,798,891**	**2,603,798,891**	**2,603,204,794**
Balance at December 31, 2021	**P 3,623,451,997**	**P 1,608,917,974**	**(P 748,171,901)**	**(P 13,477,472)**	**P 172,049,912**	**P 6,280,269,150**	**P 6,452,319,062**	**P 10,923,039,660**
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 1,645,542,496	P 4,695,542,496	P 7,764,677,434
Transactions with owners:								
Acquisition of treasury stock	-	-	(485,657,205)	-	-	-	-	(485,657,205)
Cash dividend	-	-	-	-	-	(414,795,000)	(414,795,000)	(414,795,000)
	-	-	(485,657,205)	-	-	(414,795,000)	(414,795,000)	(900,452,205)
Appropriation for the year								
Appropriations during the year	-	-	-	-	3,300,000,000	(3,300,000,000)	-	-
Reversal during the year	-	-	-	-	(2,400,495,377)	2,400,495,377	-	-
	-	-	-	-	899,504,623	(899,504,623)	-	-
Total comprehensive income for the year:								
Net profit for the year	-	-	-	-	-	1,865,974,572	1,865,974,572	1,865,974,572
Other comprehensive loss	-	-	-	(6,294,150)	-	-	-	(6,294,150)
	-	-	-	(6,294,150)	-	1,865,974,572	1,865,974,572	1,859,680,422
Balance at December 31, 2020	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,197,217,445	P 6,146,722,068	P 8,723,905,651

	Capital Stock (see Note 25)	Additional Paid-in Capital (see Note 25)	Treasury Stock, at Cost (see Note 25)	Revaluation Reserves (see Note 25)	Retained Earnings (see Note 25) Appropriated	Unappropriated	Total	Total
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 3,003,789,332	P 3,003,789,332	P 6,101,819,446
Transactions with owners:								
Acquisition of treasury stock	-	-	(34,734,393)	-	-	-	-	(34,734,393)
Cash dividend	-	-	-	-	-	(332,590,000)	(332,590,000)	(332,590,000)
	-	-	(34,734,393)	-	-	(332,590,000)	(332,590,000)	(367,324,393)
Appropriation for the year	-	-	-	-	3,050,000,000	(3,050,000,000)	-	-
Total comprehensive income for the year:								
Net profit for the year	-	-	-	-	-	2,024,343,164	2,024,343,164	2,024,343,164
Other comprehensive income	-	-	-	5,839,217	-	-	-	5,839,217
	-	-	-	5,839,217	-	2,024,343,164	2,024,343,164	2,030,182,381
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 1,645,542,496	P 4,695,542,496	P 7,764,677,434

See Notes to Financial Statements.

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

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 3,124,737,328	P 2,412,645,072	P 2,450,303,320
Adjustments for:				
Depreciation and amortization	18	102,154,493	91,358,352	48,812,485
Interest expense on interest-bearing loans and borrowings	21	100,246,234	8,677,442	33,629,596
Interest expense on lease liabilities	21	52,757,989	56,727,264	10,580,659
Interest income on banks and advances to related parties	20	(29,344,200)	(13,840,200)	(18,341,700)
Share in net profit of subsidiaries and associates	9	(24,587,593)	(149,794,695)	(316,067,810)
Loss on disposal of property and equipment - net	19	16,577	-	-
Operating profit before working capital changes		3,325,980,828	2,405,773,235	2,208,916,550
Decrease (increase) in receivables		730,401,253	1,075,813,783	(1,665,135,831)
Increase in contract assets		(6,785,502,849)	(5,263,600,977)	(1,314,690,009)
Decrease (increase) in real estate inventories		122,960,973	441,661,946	(1,900,601,291)
Increase in deposits on land for future development		(376,327,882)	(677,234,005)	(123,993,188)
Increase in prepayments and other current assets		(1,246,451,168)	(253,494,359)	(1,084,899,492)
Decrease (increase) in other non-current assets		41,354,133	(271,102,327)	(32,233,448)
Increase in trade and other payables		2,435,396,433	1,945,623,105	2,308,195,991
Increase (decrease) in contract liabilities		(8,520,478)	(24,638,820)	41,216,370
Increase (decrease) in customers' deposits		(33,782,415)	56,538,698	4,137,859
Increase (decrease) in post-employment defined benefit obligation		4,567,238	(2,446,874)	(3,549,540)
Cash used in operations		(1,789,923,934)	(567,106,595)	(1,562,636,029)
Cash paid for taxes		(18,751,311)	(107,386,967)	(125,884,559)
Net Cash Used in Operating Activities		(1,808,675,245)	(674,493,562)	(1,688,520,588)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of investment properties	12	(2,389,976,164)	(1,977,270,448)	(1,318,659,637)
Acquisitions of equity interest in subsidiaries and associates	9	(1,303,891,928)	(1,106,003,518)	(877,962,831)
Advances to related parties	24	(800,124,927)	(302,555,425)	(14,799,153)
Collections of advances to related parties	24	118,069,803	1,044,613	20,488,389
Acquisitions of property and equipment	10	(86,121,567)	(123,134,453)	(28,683,421)
Dividends received	9	72,000,000	45,800,000	20,000,000
Interest received		29,344,200	13,840,200	18,341,700
Acquisitions of computer software	13	(10,242,943)	(8,960,023)	(33,948,164)
Proceeds from disposal of property and equipment		567,519	-	-
Net Cash Used in Investing Activities		(4,370,376,007)	(3,457,239,054)	(2,215,223,117)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of interest-bearing loans and borrowings	14	12,999,276,695	11,389,408,689	9,140,981,310
Repayments of interest-bearing loans and borrowings	14	(5,288,736,576)	(5,369,429,420)	(4,265,207,842)
Interest paid on interest-bearing loans and borrowings		(1,210,229,172)	(956,361,706)	(674,289,270)
Cash dividends paid	25	(388,749,900)	(414,795,000)	(332,590,000)
Acquisition of treasury stock	25	(15,320,885)	(485,657,205)	(34,734,393)
Interest paid on lease liabilities	11	(5,452,222)	(56,727,264)	(10,580,659)
Repayments of lease liabilities		-	(103,564,542)	(39,419,341)
Net Cash From Financing Activities		6,090,787,940	4,002,873,552	3,784,159,805
NET DECREASE IN CASH AND CASH EQUIVALENTS		(88,263,312)	(128,859,064)	(119,583,900)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		421,353,771	550,212,835	669,796,735
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 333,090,459	P 421,353,771	P 550,212,835

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

1) The Company recognized right-of-use assets and lease liabilities amounting to P818.5 million in 2020 (see Note 11). There were no additions in 2021.

2) In 2021, the Company reclassified investment properties to property and equipment amounting to P8.0 million and to real estate inventories amounting to P91.8 million while in 2020, the Company reclassified investment properties to property and equipment amounting to P86.1 million to real estate inventories amounting to P54.7 million (see Notes 6, 10 and 12).

3) In 2021 and 2020, deposits on land for future development of P1,076.1 million and P1,177.5 million, respectively, were reclassified to real estate inventories (see Notes 6 and 7).

4) In 2021 and 2020, capitalized borrowing costs amounted to P1,110.0 million and P947.7 million, respectively (see Note 14).

5) In 2021 and 2020, the Company recognized unpaid construction costs of P1,115.3 million and P322.6 million in Investment Properties (see Note 12).

See Notes to the Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 General

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

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

On January 6, 2017, the Board of Directors (BOD) approved the Company's application for the registration of 1,714,000,000 of its common stocks with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The BOD's approval also covered the planned initial public offering of 430,000,000 unissued common stocks of the Company. The Company's shares were listed in the Philippine Stock Exchange on June 2, 2017.

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

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

1.2 Subsidiaries and Associates

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

Entities	Note	Effective Percentage of Ownership 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%

Forward

Entities	Note	Effective Percentage of Ownership 2021	2020
Subsidiaries			
Yuson Excellence Soberano, Inc. (YES)	(h)	**50%**	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(i)	**50%**	50%
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%

All of the subsidiaries and associates of the Company are incorporated in the Philippines, and except CPM, CPH, YHESPH, CCLI and ICOM are in the same line of business as the Company. A brief description of these entities follows:

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

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

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

(d) 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.

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

(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 as an asset acquisition. 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 Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2021 (including the comparative financial statements for the years ended December 31, 2020 and 2019, 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 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 Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) SEC Financial Reporting Reliefs Availed by the Company

In 2020, the Company has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee 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, *Amendment to SEC MC No. 2018-14, MC No. 2019-03, MC No. 2020-04, and MC No. 2020-34 to clarify transitory provision*, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

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

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Company elected not to defer the IFRIC Agenda Decision, it would have the following impact in the financial statements: • interest expense would have been higher; • cost of real estate inventories would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	Until December 31, 2023
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 Company elected not to defer this provision of the standard, it would have an impact in the financial statement as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Company would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method. This will have a retrospective effect the retained earnings, real estate sales, and profit or loss in 2021 and prior years.	

(c) *Presentation of Financial Statements*

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

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

(d) *Functional and Presentation Currency*

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

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

2.2 Adoption of New and Amended PFRS

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

The Company 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 Company 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 Company's financial statements as the Company does not have any financial instruments subject to LIBOR.

(ii) The Company 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 Company's financial statements as the Company 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 Company's financial statements:

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

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

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

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

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

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

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

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

(vii) PFRS 10 (Amendments), *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

Discussed below are the PIC Q&As effective from January 1, 2021 that are applicable to the Company, including the descriptions of their impact to the Company's 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 Company 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 Company's financial statements since the Company 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 Company 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 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 Company does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant. 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 Company 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 financial statements of the Company.

2.3 Separate Financial Statements and Investments in Subsidiaries and Associates

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

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

It does a reassessment whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

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

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

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

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

2.4 Financial Instruments

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

(a) Financial assets

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

(i) Classification, Measurement and Reclassification of Financial Assets

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

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

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

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

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

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

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

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

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

(ii) Impairment of Financial Assets

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

The amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In determining whether the financial asset is in default, which is aligned with the definition of credit-impaired, the Company considers both quantitative and qualitative criteria as further discussed in Note 28.2.

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

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

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

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

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

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

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

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

(iii) Derecognition of Financial Assets

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

(b) Financial liabilities

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

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

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

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

All interest-related charges are recognized as expense in profit or loss under the caption Finance Costs in the statement of profit or loss.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.5 Real Estate Inventories

This pertains to cost of land and development costs of real estate properties that are being developed, and those that are already available for sale. Interest incurred during the development of the project is capitalized (see Note 2.15).

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

Real estate inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

2.6 Deposits on Land for Future Development

Deposits on land for future development pertain to advance cash payments made to sellers of properties purchased by the Company but title over the properties have not yet been transferred to the Company. Once sale is consummated which is usually within 12 months from the date the deposit is made, such advance payments are applied to the full amount of the contract price and debited to either the Real Estate Inventories or Investment Property account.

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

2.7 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period are classified as part of non-current assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

2.8 Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation and amortization, and any impairment in value. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred. Cost also includes capitalized borrowing costs (see Note 2.15).

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Transportation equipment	5 years
Operating equipment	3-5 years
Furniture and fixtures	2-5 years

Leasehold improvements are amortized over the useful life of the improvements of ten years or the lease term, whichever is shorter.

Construction-in-progress is not depreciated until the completion of the constructed asset.

Fully-depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation 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 2.14).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. An item of property and equipment, including the related accumulated depreciation and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.9 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Cost of the asset includes cost of construction and capitalized borrowing costs (see Note 2.15).

Investment properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subjected to depreciation. Depreciation of investment properties that are subject to depreciation is computed using the straight-line method over the estimated useful lives of the assets of 20 years.

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.15) 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 2.14).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal.

2.10 Provisions and Contingencies

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

2.11 Revenue and Expense Recognition

Revenue of the Company arises mainly from the sale of real estate units, lease of property and rendering of management services. However, lease of property is accounted for separately (see Note 2.12).

The Company follows the five-step process below when it recognizes revenue:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

A contract with a customer is identified when the following five gating criteria are present:

(i) the parties to the contract have approved the contract either in writing or in accordance with the customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1*(b)*. The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1*(b)*]:

(a) *Sale of real estate units* – Revenue from the sale of real estate units are recognized as the control transfers at either over time for units sold under pre-completed contracts or at a point in time for ready for occupancy units, provided that the collectability of the contract price is reasonably assured. Invoicing for real estate sales are based on the agreed amortization schedule by the Company and the buyer. When the collectability of the contract price is not yet assured, the cash collections from buyers are accounted as Customers' Deposits which is presented under current liabilities in the statement of financial position.

When the price gating criteria of the revenue recognition has not been met, including assessment that collectability of the contract price is not yet assured, the consideration received from buyers are accounted as Customers' Deposits which is presented under current liabilities in the statement of financial position.

Subsequent cancellations of prior year sales are accounted for as contract modification on the year of cancellation. Cumulative revenues and costs recognized on cancelled contracts are deducted from the real estate sales and the related costs in the year in which such cancellations are made.

For tax reporting purposes, the taxable income for the year is based on the provisions of Section 49 of the National Internal Revenue Code (NIRC), as amended, which governs installment sales. Under the NIRC, revenue on sale and cost of real estate sold are recognized in full when the initial payments collected in the year of sale exceed 25% of the selling price; otherwise, revenue and cost of real estate sold are recognized based on the collections.

(b) *Rendering of management services* – Revenue from the rendering of management services is recognized overt time as the services are provided to the client entities. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

Contract assets pertain to rights to consideration in exchange for goods or services that the Company has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.4*(a)(ii)*].

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

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs (see Note 2.15).

2.12 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

The Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.14).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

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

(b) *Company as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.13 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) *Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan, which became effective on January 1, 2015, covers all regular full-time employees. The pension plan is noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise.

Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income in the statement of profit or loss.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment, if any.

(b) Post-Employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity (e.g., Social Security System). The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Performance Bonus

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in the Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.14 Impairment of Non-financial Assets

The Company's property and equipment, investment properties, investments in subsidiaries and associates, computer software and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are Company at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level. Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.15 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.

2.16 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.17 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

For purposes of reporting of material related party transactions of publicly-listed companies to the SEC, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote to approve the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten 10% of the Company's total assets based on the latest audited financial statements, the same board approval would be required for the transactions that meets and exceeds the materiality threshold covering the same related party.

2.18 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 Company at cost but are not cancelled shares.

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

Retained earnings represent all current and prior period results of operations as reported in the statement of profit or loss, reduced by the amounts of dividends declared. Appropriated retained earnings are retained earnings that have been set aside by the for specific purpose and are not available for dividend declarations.

2.19 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Company's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

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

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) *Evaluation of Timing of Satisfaction of Performance Obligations*

The Company exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Company considers the following:

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

The Company determined that its performance obligation is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(c) *Determination of Collection Threshold for Revenue Recognition*

The Company uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Company determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price. Management is confident that when the collections received from the buyers exceed a certain threshold, it would be unlikely for the buyer to default and therefore, cancel the contract. Accordingly, as discussed in Note 2.11 under identification of contract, the Company will not recognize the whole contract and no revenue will be recognized when the collection threshold is not yet reached.

(d) Assessment Involving Right of Return

The Company's sale of real estate under pre-completed contracts has variable consideration which is the right of return when a buyer defaulted the equity payments. Moreover, R.A. No. 6552, provides a statutory obligation to the Company to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) Determination of ECL on Receivables and Contract Assets

The Company uses the cumulative loss rate approach to calculate ECL for receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Company has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations. On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Company's trade and other receivables and contract assets are disclosed in Note 28.2.

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

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

(g) Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor

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

(h) Determination of Lease Term of Contracts with Renewal and Termination Options

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

For leases of land, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

(i) Accounting for Equity in Ownership Interest in Subsidiaries and Associates

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Company evaluates whether control or significant influence exists. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Company was able to demonstrate control over the operations of CLI-LITE and GGTT (since 2021), CBLRV (since 2020), CHDI and YHESPH (since 2019), YHEST and CCLI (since 2018), MGR and YHES (since 2017), and BL Ventures, El Camino and YES (since 2016), from the time of their incorporation, as indicated in Note 1.2. It had been able to demonstrate control over the operations of the foregoing investees despite having 50% or less equity ownership interest in them by virtue of a formal agreement with the respective other shareholders of the investees and the Company's actual role in the investees' operations. Accordingly, said entities are accounted for as subsidiaries.

(j) Distinguishing Between Business Combination and Asset Acquisition

The Company determines whether an acquisition of an entity constitutes a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a business taking into consideration the substance of the transaction. The Company evaluates whether an acquired entity is capable of being conducted and managed as a business by assessing the integrated set of activities and assets based on at least two essential elements – inputs and processes applied to those inputs, which together are or will be used to create outputs. Otherwise, the transaction is accounted for as an asset acquisition. Failure to make the right judgment will result in misstatement of assets and other accounts that could have been affected by the transaction.

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 a mere acquisition of assets. In the first quarter of 2021, GGTT has started commercial operations, hence, already treated as a subsidiary as at December 31, 2021.

(j) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.10 and disclosures on relevant contingencies are presented in Note 26.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligations Satisfied Over Time

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

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

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

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgement in the estimation of the contractual cash flows due from counterparties that the Company would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 28.2.

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

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The future realization of the carrying amounts of real estate inventories as presented in Note 6 is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's real estate inventories within the next financial reporting period.

Considering the Company's pricing policy, the net realizable values of real estate inventories for sale are determined to be higher than their related costs.

(e) Estimation of Useful Lives of Property and Equipment, Right-of-use Asset and Investment Properties

The Company estimates the useful lives of property and equipment, right-of-use asset and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, right-of-use asset and investment properties are analyzed in Notes 10, 11 and 12 respectively. Based on management's assessment as at December 31, 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 2.14). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management assessed that no impairment loss is required to be provided on its significant non-financial assets, especially property and equipment and investment properties, as at December 31, 2021, 2020 and 2019.

(g) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income and the carrying amount of the post-employment defined benefit obligation in the next reporting period.
The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 22.2.

(h) Fair Value Measurement for Investment Properties

Investment properties are measured using the cost model. The fair value of investment property held for rental or capital appreciation disclosed in the financial statements is determined by the Company based on the appraisal reports of a professional and independent appraiser. The fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets being disclosed.

The fair values of the Company's investment properties as at December 31, 2021 and 2020 are disclosed in Notes 12 and 29.3*(c)*.

4. CASH AND CASH EQUIVALENTS

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

	2021	2020
Cash on hand	**P 2,297,221**	P 797,622
Cash in banks	**288,860,700**	378,815,182
Short-term placements	**41,932,538**	41,740,967
	P 333,090,459	P 421,353,771

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 60 to 62 days and earn effective interest of 0.75% per annum in 2021, and ranging from 1.19% to 2.20% and 1.74% to 6.00% per annum for 2020 and 2019, respectively.

Interest income earned from cash and cash equivalents amounted to P2,819,951, P7,379,290 and P18,341,700 in 2021, 2020 and 2019, respectively, and is presented as part of Finance Income in the statements of profit or loss (see Note 20).

5. RECEIVABLES

This account includes the following:

	Notes	2021	2020
Contract receivables			
Third parties		**P 3,571,247,723**	P4,175,847,613
Related parties	24.4, 24.5	**125,769,892**	257,432,271
Rent receivable	26.1	**66,283,466**	109,788,854
Retention receivable		**81,429,356**	57,707,728
Advances to officers and employees		**23,262,286**	14,574,036
Other receivables		**151,688,036**	134,731,510
		P 4,019,680,759	P4,750,082,012

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

	2021	2020
Current	**P 3,858,553,483**	P4,628,877,683
Non-current	**161,127,276**	121,204,329
	P 4,019,680,759	P4,750,082,012

Buyers of real estate properties are given two to three years to complete the amortization of their down payment which ranges from 10% to 20% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the total transaction price is reasonably assured. Generally, full payment by buyers of their equity payments is made within 24 to 36 months following the recognition of sale which is then followed by full settlement by the buyer's chosen financing institution of the buyer's account. Title to real estate properties are transferred to the buyers once full payment has been made.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P1,300,077 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, P30,761,436 and P26,971,237 in 2021, 2020 and 2019, respectively, and are presented as part of Finance Income in the statements of profit or loss (see Note 20).

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Company, which will be received three to four months after release of loan.

The Company assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. No allowance for ECL need to be recognized in 2020 and 2021.

6. REAL ESTATE INVENTORIES

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

	Note	2021	2020
Subdivision units		**P 255,741,685**	P 265,346,412
Condominium units		**481,000,844**	696,385,131
		736,742,529	961,731,543
Construction-in-progress (CIP):			
Land development costs		**4,756,876,805**	2,369,203,876
Housing costs		**1,790,067,469**	1,096,020,640
Condominium building costs		**1,202,816,678**	1,498,891,574
		7,749,760,952	4,964,116,090
Raw land inventory	7	**1,461,557,446**	1,802,690,363
		P9,948,060,927	P7,728,537,996

An analysis of the cost of real estate inventories included in cost of sales for the year is presented in Note 17.

Land development costs pertain to the cost of acquisition of land and site development costs of subdivision projects and other future site projects of the Company.

Housing costs pertain to the cost of house construction for the horizontal projects of the Company.

Condominium building costs consist of the cost of acquisition of land and the cost to construct the units of the vertical projects of the Company.

Raw land inventory consists of parcels of land owned by the Company that are located in various locations. These are expected to be developed within 12 months from the reporting period, hence, presented as part of current assets. In 2021 and 2020, the Company reclassified deposits on land for future development amounting to P1,076,100,742 and P1,177,544,142, respectively, to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated (see Note 7).

On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for as an asset acquisition. The total purchase price at acquisition date amounting to P177,730,000 was allocated to the single identifiable asset which is land and is included as part of raw land inventory as at December 31, 2020. In the first quarter of 2021, GGTT has started commercial operations, hence, already considered as a subsidiary as at December 31, 2021. Consequently, the purchase price was reclassified to Investment in Subsidiary (see Note 9.1).

Borrowing costs that are capitalized as part of real estate inventories amounted to P1,353,220,387 and P607,098,570 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 14). Capitalization rate used for specific borrowings ranges from 4.25% to 7.25% for the year ended December 31, 2021 and 4.00% to 6.25% for both years ended December 31, 2020 and 2019.

The Company reclassified investment properties to real estate inventories amounting to P91,750,220 and P54,733,957 in 2021 and 2020, respectively (see Note 12). Certain real estate inventories amounting to P3,905,625,167 and P3,079,053,380 as at December 31, 2021 and 2020, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

7. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

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 2.6) and is presented as current assets in the statements of financial position. Presented below is a reconciliation of its carrying amounts at the beginning and end of 2021 and 2020.

	Note	**2021**	2020
Balance at the beginning of year		**P 699,772,860**	P 1,200,082,997
Additions		**376,327,882**	677,234,005
Transferred to raw land inventory	6	**(1,076,100,742)**	(1,177,544,142)
Balance at end of year		**P -**	P 699,772,860

8. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	2021	2020
Advances to subcontractors	**P 1,358,166,117**	P 721,786,862
Prepaid commissions and incentives	**803,048,682**	782,955,638
Input VAT	**429,650,081**	144,988,710
Advances to suppliers	**261,844,092**	232,855,103
Short-term investments	**149,901,854**	-
Prepaid income tax	**131,398,431**	15,839,966
Prepaid expenses	**31,497,875**	17,566,338
Others	**73,501**	73,501
	P3,165,580,633	P 1,916,066,118

Advances to subcontractors and suppliers include advance payments for materials, payment of labor and overhead expenses that were paid on behalf of subcontractors. These are applied against the billings of subcontractors and suppliers.

In 2021, 2020 and 2019, the Company expensed prepaid commissions of P600,232,618, P321,417,986 and P96,860,647, respectively based on the POC of the related real estate contract and is presented as Commissions & incentives under the Operating Expenses account in the statements of profit or loss (see Note 18).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Company's compliance with the regulatory requirements for issuance of license to sell and are restricted for use in the Company's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 1.20% to 1.90% per annum.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

This account comprises the following as at December 31:

	Note	2021	2020
Investment in subsidiaries	9.1	**P5,743,093,372**	P4,491,674,543
Investments in associates	9.2	**134,913,356**	129,852,664
		P5,878,006,728	P4,621,527,207

A reconciliation of the carrying amounts of investments in subsidiaries and associates at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P4,621,527,207**	P3,411,528,994
Investments during the year	**1,303,891,928**	1,106,003,518
Equity in net profit during the year	**24,587,593**	149,794,695
Dividends received	**(72,000,000)**	(45,800,000)
Balance at end of year	**P5,878,006,728**	P4,621,527,207

9.1 Investments in Subsidiaries

A reconciliation of the carrying amounts of the investments in subsidiaries at the beginning and end of 2021 and 2020 is shown below.

	Notes	2021	2020
Balance at beginning of year		**P4,491,674,543**	P3,395,150,571
Investments during the year		**1,064,031,747**	991,913,502
Reclassification	6, 9.2	**230,418,736**	-
Equity in net profit during the year		**28,968,346**	150,410,470
Dividends received		**(72,000,000)**	(45,800,000)
Balance at end of year		**P5,743,093,372**	P4,491,674,543

9.2 Investments in Associates

A reconciliation of the carrying amounts of the investments in associates at the beginning and end of 2021 and 2020 is shown below.

	Notes	2021	2020
Balance at beginning of year		**P 129,852,664**	P 16,378,423
Reclassification	9.1	**(52,688,736)**	-
Gain on remeasurement	19.1	**32,438,511**	-
Investments during the year		**25,310,917**	114,090,018
Equity in net loss during the year		**(4,380,753)**	(615,777)
Balance at end of year		**P 134,913,356**	P 129,852,664

On June 22, 2021, the Company assumed control of the MDC by acquiring additional 6,379,980 common shares of MDC from nine other stockholders. The Company became MDC's parent company with a 77.69% ownership interest over its outstanding shares, an increase from its previously held 20% ownership interest.

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 19.1), computed as follows.

Acquisition-date fair value of previously held interest	P 48,307,983
Acquisition-date carrying value of investment in associate	(15,869,472)
Gain on remeasurement	**P 32,438,511**

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2021 and 2020 are shown below.

	Building	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2021							
Cost	P 285,064,231	P 91,655,631	P 54,891,520	P 32,175,937	P 2,352,961	P 102,799,019	P 568,939,299
Accumulated depreciation and amortization	(73,868,573)	(40,091,131)	(37,021,957)	(21,743,468)	(2,331,011)	-	(175,056,140)
Net carrying amount	**P 211,195,658**	**P 51,564,500**	**P 17,869,563**	**P 10,432,469**	**P 21,950**	**P 102,799,019**	**P 393,883,159**
December 31, 2020							
Cost	P 226,721,526	P 69,921,746	P 41,478,217	P 26,567,436	P 2,330,639	P 104,849,195	P 471,868,759
Accumulated depreciation and amortization	(56,836,206)	(30,818,511)	(32,097,941)	(18,473,949)	(2,327,353)	-	(140,553,960)
Net carrying amount	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331,314,799
January 1, 2020							
Cost	P 119,922,673	P 61,624,887	P 38,316,269	P 23,945,736	P 2,330,639	P 16,491,703	P 262,631,907
Accumulated depreciation and amortization	(48,489,933)	(23,397,907)	(28,908,604)	(15,122,996)	(2,232,938)	-	(118,152,378)
Net carrying amount	P 71,432,740	P 38,226,980	P 9,407,665	P 8,822,740	P 97,701	P 16,491,703	P 144,479,529

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2021 and 2020 is shown below.

	Building	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331.314.799
Additions	11,782,632	21,800,399	13,413,303	6,126,083	22,322	32,976,828	86,121,567
Disposal	-	(66,514)	-	(517,582)	-	-	(584,096)
Reclassification	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization charges for the year	(13,476,337)	(9,272,620)	(4,924,016)	(3,269,519)	(3,658)	-	(30,946,150)
Balance at December 31, 2021, net of accumulated depreciation and amortization	**P 211,195,658**	**P 51,564,500**	**P 17,869,563**	**P 10,432,469**	**P 21,950**	**P 102,799,019**	**P 393,883,159**
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 71,432,740	P 38,226,980	P 9,407,665	P 8,822,740	P 97,701	P 16,491,703	P 144,479,529
Additions	19,542,518	8,296,859	3,161,948	2,621,700	-	89,511,428	123,134,453
Reclassification	87,256,335	-	-	-	-	(1,153,936)	86,102,399
Depreciation and amortization charges for the year	(8,346,273)	(7,420,604)	(3,189,337)	(3,350,953)	(94,415)	-	(22,401,582)
Balance at December 31, 2020, net of accumulated depreciation and amortization	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331,314,799
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 79,684,702	P 35,308,169	P 22,351,472	P 7,242,071	P 362,800	P 10,725,087	P 155,674,301
Additions	2,985,848	9,301,996	6,121,340	4,507,621	-	5,766,616	28,683,421
Reclassification	-	-	(16,778,571)	-	(24,643)	-	(16,803,214)
Depreciation and amortization charges for the year	(11,237,810)	(6,383,185)	(2,286,576)	(2,926,952)	(240,456)	-	(23,074,979)
Balance at December 31, 2019, net of accumulated depreciation and amortization	P 71,432,740	P 38,226,980	P 9,407,665	P 8,822,740	P 97,701	P 16,491,703	P 144,479,529

Depreciation and amortization expenses on property and equipment is presented as part of Operating Expenses in the statements of profits or loss (see Note 18).

In 2021 and 2020, the Company reclassified certain retail building previously presented as Investment Properties with an aggregate amount of P7,977,039 and P86,102,399, respectively, to Property and Equipment (see Note 12) because CLI used these units as one of its offices.

Property and equipment with a total carrying amount of P121,909,862 and P64,404,721 as at December 31, 2021 and 2020, respectively, are used as collateral for certain interest-bearing loans and borrowings (see Note 14).

As at December 31, 2021 and 2020, the cost of the Company's fully-depreciated property and equipment that are still used in operations amounts to P 91,451,396 and P80,211,727, respectively.

11. LEASES

In 2021 and 2020, the Company entered into lease contracts, as lessee, for leases of land. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the statement of financial position as Right-of-use Assets and the corresponding obligation as Lease Liabilities. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For the lease on the land, the Company must insure all the improvements made on the property.

The table below describes the nature of the Company's leasing activity by type of right-of-use asset recognized in the statement of financial position.

	Number of right of-use asset leased	Range of remaining term	Number of Number of leases with extension option	Number of leases with purchase option	leases with termination options
Land	2	39 - 41 years	-	-	-

11.1 *Right-of-use Assets*

The carrying amounts of the Company's right-of-use assets as at December 31, 2021 and 2020 and the movements during the period are shown below.

	2021	2020
Cost		
Balance at beginning of year	**P 971,236,694**	P 171,439,329
Additions	**-**	818,482,704
Amendment of lease contract	**(44,048,103)**	(18,685,338)
Balance at end of year	**927,188,591**	971,236,695
Accumulated amortization		
Balance at beginning of year	**26,308,480**	4,285,983
Amortization	**20,622,734**	22,022,498
Balance at end of year	**46,931,214**	26,308,481
Carrying amount	**P 880,257,377**	P 944,928,214

11.2 *Lease Liabilities*

Lease liabilities presented in the statement of financial position as at December 31, 2021 and 2020 amounted to P834,573,823 and P828,252,812, which are all non-current liabilities.

The contracts of lease do not provide for any future lease termination and extension options. The lease liabilities are secured by the related underlying asset. The undiscounted maturity analysis of lease liabilities are as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2021							
Lease payments	P 17,709,474	P 35,418,947	P 37,189,895	P 38,190,395	P 51,055,389	P3,111,264,805	P 3,290,828,905
Finance charges	(17,709,474)	(104,279,072)	(68,510,350)	(66,479,352)	(68,162,105)	(2,131,114,729)	(2,456,255,082)
Net present values	**P -**	**(P 68,860,125)**	**(P 31,320,455)**	**(P 28,288,957)**	**(P 17,106,716)**	**P 980,150,076**	**P 834,573,823**
December 31, 2020							
Lease payments	P -	P 51,905,155	P 35,418,947	P 36,304,421	P 37,189,895	P3,181,915,642	P 3,342,734,060
Finance charges	-	(112,830,788)	(62,078,864)	(64,113,895)	(66,217,100)	(2,209,240,601)	(2,514,481,248)
Net present values	P -	(P 60,925,633)	(P 26,659,917)	(P 27,809,474)	(P 29,027,205)	P 972,675,041	P 828,252,812

11.3 Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets has an aggregate amount of P15,121,820, P11,065,601 and P27,947,436 in 2021, 2020 and 2019, respectively, and is presented as Rent as part of Operating Expenses in the statements of profit or loss (see Note 18).

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflows in respect of leases amounted to P5,452,222, P160,291,806 and P50,000,000 in 2021, 2020 and 2019, respectively. These includes the Interest expense in relation to lease liabilities amounting to P52,757,989, P56,727,264 and P10,580,659 in 2021, 2020 and 2019, respectively, which is presented as part of Finance Costs in the statements of profit or loss (see Note 21).

12. INVESTMENT PROPERTIES

The Company's investment properties include condominium units and retail building. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 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 792,007,013	P 31,371,804	P -	P 4,831,135,183	P 6,431,359,974
Accumulated depreciation	(49,310,883)	(96,384,966)	(7,530,906)	-	-	(153,226,755)
Carrying amount	**P 727,535,091**	**P 695,622,047**	**P 23,840,898**	**P -**	**P 4,831,135,183**	**P 6,278,133,219**
December 31, 2020						
Costs	P 595,061,927	P 551,960,803	P 31,371,804	P -	P 2,966,272,566	P 4,144,667,100
Accumulated depreciation	(33,635,295)	(75,583,112)	(5,962,316)	-	-	(115,180,723)
Carrying amount	P 561,426,632	P 476,377,691	P 25,409,488	P -	P 2,966,272,566	P 4,029,486,377
January 1, 2020						
Costs	P 100,228,005	P 285,413,555	P 31,371,804	P 2,652,500	P 2,022,057,808	P 2,441,723,672
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 2,652,500	P 2,022,057,808	P 2,366,236,198

A reconciliation of the carrying amounts of investment properties at the beginning and end of year 2021, 2020 and 2019 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 476,377,691	P 25,409,488	P -	P 2,966,272,566	P 4,029,486,377
Additions	696,786	-	-	-	2,389,279,378	2,389,976,164
Reclassifications	184,643,291	240,046,211	-	-	(524,416,761)	(99,727,259)
Depreciation during the year	(19,231,619)	(20,801,854)	(1,568,590)	-	-	(41,602,063)
Balance at December 31, 2021 net of accumulated depreciation	**P 727,535,090**	**P 695,622,048**	**P 23,840,898**	**P -**	**P 4,831,135,183**	**P 6,278,133,219**
Balance at January 1, 2020 net of accumulated depreciation	P 85,115,746	P 229,432,066	P 26,978,078	P 2,652,500	P 2,022,057,808	P 2,366,236,198
Additions	-	-	-	-	1,843,779,784	1,843,779,784
Reclassifications	494,833,922	266,547,248	-	(2,652,500)	(899,565,026)	(140,836,356)
Depreciation during the year	(18,523,036)	(19,601,623)	(1,568,590)	-	-	(39,693,249)
Balance at December 31, 2020 net of accumulated depreciation	P 561,426,632	P 476,377,691	P 25,409,488	P -	P 2,966,272,566	P 4,029,486,377

	Retail Building	Condominium Units	Parking Units	Land	Construction in Progress	Total
Balance at January 1, 2019 net of accumulated depreciation	P 33,752,146	P 243,702,744	P 28,546,668	P -	P 520,915,865	P 826,917,423
Additions	55,000,000	-	-	2,652,500	1,261,007,137	1,318,659,637
Reclassifications	-	-	-	-	240,134,806	240,134,806
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 2,652,500	P 2,022,057,808	P 2,366,236,198

In 2021, the Company reclassified investment properties to real estate inventories and property and equipment totaling P91,750,220 and P7,977,039, respectively (see Notes 6 and 10). Similarly in 2020, the Company reclassified investment properties to real estate inventories and property and equipment totaling P54,733,957 and P86,102,399, respectively (see Notes 6 and 10).

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:				
Retail building		**P 61,961,988**	P 59,216,319	P 32,594,457
Condominium units		**3,882,427**	1,837,157	29,929,142
Parking units		**728,102**	474,917	635,595
Others		**1,416,978**	-	-
	16.1	**P 67,989,495**	P 61,528,393	P 63,159,194
Expenses:				
Depreciation	17	**P 41,602,742**	P 39,693,249	P 19,475,668
Repairs and maintenance	18	**1,549,599**	509,627	330,829
Others	17	**63,258**	-	179,375
		P 43,215,599	P 40,202,876	P 19,985,872

The expenses, except for repairs and maintenance, are included as part of Cost of Sales and Services in the statements of profit or loss in 2021, 2020 and 2019 (see Note 17).

Investment properties have a total fair value of P7,392,323,227 and P5,148,898,784 as at December 31, 2021 and 2020, respectively, based on the appraisal done by an independent expert [see Note 29.3*(c)*]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Company's investment properties as at December 31, 2021 and 2020 [see also Note 3.2*(f)*].

Investment property with a total carrying amount of P4,606,708,047 and P296,126,879 and as at December 31, 2021 and 2020, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

13. OTHER NON-CURRENT ASSETS

This account includes the following:

	Note	2021	2020
Advances to subcontractors		**P 165,368,935**	P 209,505,402
Refundable deposits		**86,691,321**	65,842,535
Deposits for purchased properties	24.3	**50,503,033**	101,306,000
Computer software - net of accumulated amortization of P23,143,372 and P14,159,826, respectively		**37,129,364**	35,869,967
Advance payment for future investment in equity securities		**29,496,000**	-
Investment in equity securities		**9,375,002**	5,468,752
Deferred input VAT		**4,624,926**	4,624,926
Others		**1,917,593**	2,583,328
		P 385,106,174	P 425,200,910

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Deposit for purchased properties pertains to the condominium units purchased by the Company under pre-completed contracts. Upon completion, the Company intends to use these properties.

Refundable deposits pertain to recoverable payments by the Company which are expected to be realized at the end of the term of agreement. These are measured at amortized cost.

Total additions to computer software amounted to P10,242,943, P8,960,023 and P33,948,164 in 2021, 2020 and 2019, respectively. The amortization expense on the computer software amounted to P8,983,546, P7,243,253 and P1,975,855 in 2021, 2020 and 2019, respectively, and is presented as part of Depreciation and amortization under Operating Expenses in the statements of profit or loss (see Note 18).

14. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of short-term interest-bearing loans, long-term interest-bearing loans and corporate notes as presented in the statements of financial position is presented below.

	2021	2020
Current:		
Bank loans	**P 3,984,311,190**	P 671,513,451
Corporate notes	**3,545,238,195**	2,017,857,143
	7,529,549,385	2,689,370,594
Non-current:		
Bank loans	**7,086,121,475**	3,619,356,799
Corporate notes	**12,294,538,531**	12,826,291,875
	19,380,660,006	16,445,648,674
	P26,910,209,391	P19,135,019,268

14.1 Interest-bearing Loans

Interest-bearing loans availed from local commercial banks are classified in the statements of financial position as follows:

	2021	2020
Current	**P 3,984,311,190**	P 671,513,451
Non-current	**7,086,121,475**	3,619,356,799
	P11,070,432,665	P 4,290,870,250

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

	2021	2020
Balance at beginning of year	**P 4,290,870,250**	P6,158,460,637
Proceeds and drawdowns – net	**10,026,513,537**	3,497,533,000
Repayments	**(3,270,879,433)**	(5,369,429,420)
Amortization of debt issue costs	**23,928,311**	4,306,033
Balance at end of year	**P11,070,432,665**	P4,290,870,250

The unamortized debt issue cost as at December 31, 2021 and December 31, 2020 amounts to P43,461,023 and P 13,102,870, respectively.

A reconciliation of the unamortized debt issue cost at the beginning and end of 2021 and 2020 are shown below.

	2021	2020
Balance at beginning of year	**P 13,102,870**	P 12,155,527
Debt issue costs from new loans	**54,286,464**	5,253,376
Amortization of debt issue cost	**(23,928,311)**	(4,306,033)
Balance at end of the year	**P 43,461,023**	P 13,102,870

The loans bear interest rates per annum ranging from 4.25% to 5.55% in 2021, 4.00% to 5.25% in 2020 and 3.72% to 7.75% in 2019. Certain loans are collateralized by real estate mortgage on real properties owned by the major stockholders (see Note 24.5) and the rest are secured by the specific projects for which the loans were obtained. The cost of such projects aggregating to P8,634,243,076 and P3,439,584,980 and as at December 31, 2021 and 2020, respectively, are included in the Real Estate Inventories, Property and Equipment, and Investment Properties accounts in the statements of financial position (see Notes 6, 10 and 12).

In 2021, the Company availed of new loans amounting to P10,026,513,537, net of debt issuance cost, which have outstanding balance totalling P7,464,536,889 as at December 31, 2021. The loans bear interest ranging from 4.00% to 5.55% with maturity dates ranging from 2022 to 2034.

In 2020, the Company availed of new loans amounting to P3,497,533,000, net of debt issuance cost, which have outstanding balance totalling P634,533,000 and P984,533,000 as at December 31, 2021 and 2020, respectively. The loans bear interest ranging from 4.00% to 5.25% with maturity dates ranging from 2020 to 2026.

Total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P350,165,748, P301,195,608 and P306,987,198 in 2021, 2020 and 2019, respectively, and of which P265,810,070, P298,657,414 and P273,357,602, respectively, were capitalized as part of construction costs (see Notes 6 and 12). Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 4.25% to 7.25% for the year ended December 31, 2021 and 4.00% to 6.25% for both years ended December 31, 2020 and 2019.

14.2 Corporate Notes

The Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) and short-dated note (SDN) amounting to P13,000,000,000 and P5,000,000,000, respectively and are classified in the statements of financial position as follows:

	2021	2020
Current	**P 3,545,238,195**	P 2,017,857,143
Non-current	**12,294,538,531**	12,826,291,875
	P15,839,776,726	P14,844,149,018

An analysis of the movements in the balance of corporate notes is presented below.

	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 year	**P 15,839,776,726**	P 14,844,149,018

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 Company made the following drawdowns from the NFA.

Year	Tranche	Interest Rate	Maturity Dates	Amount
2021	**SDN**	**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 Company recognized debt issuance costs for new NFA amounting to P27,236,842 and P108,124,311, respectively, which has a carrying amount of P142,366,131 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 P860,063,424 and P655,265,056 in 2021 and 2020, respectively, of which P844,172,868 and P649,026,808 was capitalized as part of real estate inventories and investment properties in 2021 and 2020, respectively (see Notes 6 and 12).

The Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio ranging from 2.5:1 to 3.0:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2021 and 2020, the Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the statements of profit or loss, amounted to P100,246,234, P8,677,442, and P33,629,596, in 2021, 2020 and 2019, respectively (see Note 21). The total accrued interest on both loans and corporate notes amounted to P127,723,403 and P118,286,908 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 statements of financial position (see Note 15).

15. TRADE AND OTHER PAYABLES

This account is composed of the following:

	Notes	**2021**	2020
Current:			
Unbilled construction costs		**P4,186,303,731**	P2,305,583,222
Trade payables		**1,699,447,711**	1,515,918,820
Sales commissions payable		**1,143,583,886**	981,794,843
Retention payable		**462,671,191**	246,321,066
Accrued expenses	14	**150,219,165**	139,607,753
Due to related parties	24.2	**60,614,686**	69,619,270
Output VAT		**51,939,153**	84,883,905
Government-related obligations		**45,883,493**	23,279,466
Other payables		**3,411,496**	378,078
		7,804,074,512	5,367,386,423
Non-current:			
Retention payable		**126,943,989**	126,943,989
Advance rental		**13,201,960**	14,493,616
Other payables		**2,336,904**	2,336,904
		142,482,853	143,774,509
		P7,946,557,365	P5,511,160,932

Unbilled construction costs pertain to obligations to contractors for services already performed but not yet billed to the Company.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials for the Company's projects.

Sales commissions payables pertains to estimated obligations to agents.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the statements of financial position.

Accrued expenses pertain to accruals for contracted services, security services, professional fees and other recurring accruals in the Company's operations.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

16.1 Disaggregation of Contract Revenues

In 2021, the Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical areas:

	2021				
	Cebu	**Visayas**	**Mindanao**	**Luzon**	**Total**
Sale of real estate units					
Over time	P 4,981,552,014	P 2,297,929,320	P 1,943,338,200	P -	P 9,222,819,534
At a point in time	99,321,739	32,795,711	29,159,733	15,601,000	176,878,183
	5,080,873,753	2,330,725,031	1,972,497,933	15,601,000	9,399,697,717
Lease of properties					
Over time	67,989,495	-	-	-	67,989,495
Render of management services					
Over time	46,530,721	16,771,110	47,217,858	-	110,519,689
	P 5,195,393,969	**P 2,347,496,141**	**P 2,019,715,791**	**P 15,601,000**	**P 9,578,206,901**

	2020				
	Cebu	Visayas	Mindanao	Luzon	Total
Sale of real estate units					
Over time	P 2,919,088,901	P 1,910,041,688	P 1,200,353,420	P -	P 6,029,484,009
At a point in time	351,635,505	-	99,985,234	37,860,000	489,480,739
	3,270,724,406	1,910,041,688	1,300,338,654	37,860,000	6,518,964,748
Lease of properties					
Over time	61,528,393	-	-	-	61,528,393
Render of management services					
Over time	42,219,821	-	9,450,891	6,720,000	58,390,712
	P 3,374,472,620	P 1,910,041,688	P 1,309,789,545	P 44,580,000	P 6,638,883,853

	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

16.2 Contract Balance

The breakdown of contract balances is as follows:

	2021	2020
Contract assets	**P16,256,159,124**	P9,470,656,275
Contract liabilities	**(353,200,147)**	(361,720,625)
Contract assets – net	**P15,902,958,977**	P9,108,935,650

The Company recognizes a contract asset when the performance of property development is ahead of the collection of the consideration.

A reconciliation of the opening and closing balance of Contract Assets in 2021 and 2020 is shown in the below.

	2021	2020
Balance at beginning of year	**P9,470,656,275**	P4,207,055,298
Performance of property development	**7,842,879,585**	5,474,307,047
Transfers to trade receivables	**(1,057,376,736)**	(210,706,070)
Balance at end of year	**P16,256,159,124**	P9,470,656,275

Contract assets is presented in the statements of financial position as follows.

	2021	2020
Current	**P4,197,781,332**	P 231,041,792
Non-current	**12,058,377,792**	9,239,614,483
	P16,256,159,124	P9,470,656,275

A reconciliation of the carrying amounts of contract liabilities at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P 361,720,625**	P 386,359,445
Revenue recognized that was included in contract liability at the beginning of year	**(147,050,564)**	(94,561,534)
Increase due to cash received excluding amount recognized as revenue during the year	**138,530,086**	69,922,714
Balance at end of year	**P 353,200,147**	P 361,720,625

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted as Customers' Deposits, which amounted to P57,469,700 and P91,252,115 as at December 31, 2021 and 2020, respectively.

16.3 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as at December 31, 2021 and 2020 is P10,784,939,911 and P9,987,105,852, respectively. As at December 31, 2021 and 2020, the Company expects to recognize revenue from unsatisfied contracts as follows:

	2021	2020
Within a year	**P 4,491,140,648**	P 2,187,877,026
More than one year to three years	**3,958,317,353**	5,533,744,299
	P 8,449,458,001	P 7,721,621,325

17. COSTS OF SALES AND SERVICES

Components of costs of sales and services are analyzed below (see Note 18).

	Notes	2021	2020	2019
Cost of real estate sales:				
Contracted services	18	**P3,934,382,086**	P 2,908,018,467	P 2,361,236,778
Borrowing costs	18	**531,194,326**	208,110,212	72,859,453
Land cost	18	**226,630,439**	128,511,991	367,435,729
Other costs		**105,746,892**	69,635,470	22,217,529
		P4,797,953,743	P 3,314,276,417	P 2,823,749,489
Cost of rental services:				
Depreciation		**41,602,062**	39,693,249	19,475,668
Real property taxes		**63,258**	-	179,375
	12	**41,665,320**	39,693,249	19,655,043
		P 4,839,619,063	P 3,353,969,666	P 2,843,404,532

Real estate sales include the contracted services, cost of land, capitalizable borrowing costs and other costs incidental to housing and condominium projects development as shown in Note 18. Contracted services pertain to the constructions contracts which are related to construction labor and materials for the units sold.

18. EXPENSES BY NATURE

The details of expenses by nature are shown below.

	Notes	**2021**	2020	2019
Contracted services	17	**P3,934,382,086**	P 2,908,018,467	P 2,361,236,778
Commissions & incentives	8	**600,232,618**	321,417,987	96,860,647
Borrowing cost	17	**531,194,326**	208,110,212	72,859,453
Salaries and employee benefits	22.1	**431,568,938**	346,651,735	292,805,992
Land cost	17	**226,630,439**	128,511,991	367,435,729
Taxes and licenses		**176,165,566**	80,697,838	66,641,458
Donations		**106,556,752**	12,412,407	2,611,027
Depreciation and amortization	10, 11, 12, 13	**102,154,493**	91,358,352	48,812,485
Advertising		**32,367,610**	38,943,763	111,766,588
Professional and legal fees		**25,220,118**	21,976,647	29,737,494
Utilities		**19,627,604**	24,681,530	18,329,508
Representation and entertainment		**18,601,448**	16,335,432	10,218,342
Rent	11.3, 26.2	**15,121,820**	11,065,601	27,947,436
Repairs and maintenance	12	**14,189,462**	20,117,310	74,569,598
Insurance		**14,083,581**	10,890,647	8,006,115
Subscriptions and membership dues		**12,934,117**	7,017,637	11,893,340
Security services		**11,083,160**	8,525,401	8,667,957
Supplies		**10,170,328**	14,722,002	8,130,178
Communications		**7,384,210**	5,522,883	4,864,924
Fuel and lubricants		**6,373,908**	2,934,419	3,433,038
Transportation and travel		**4,842,676**	15,645,674	19,064,418
Penalties		**1,819,433**	-	21,714,040
Trainings and seminars		**856,107**	410,711	1,233,383
Others	12	**167,288,568**	111,446,896	55,458,871
		P6,470,849,368	P 4,407,415,542	P 3,724,298,799

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

	Note	**2021**	2020	2019
Cost of sales and services	17	**P4,839,619,063**	P 3,353,969,666	P 2,843,404,532
Operating expenses		**1,631,230,305**	1,053,445,876	880,894,267
		P6,470,849,368	P 4,407,415,542	P 3,724,298,799

19. OTHER OPERATING INCOME AND OTHER LOSSES

19.1 Other Operating Income

This account is composed of the following:

	Note	2021	2020	2019
Reversal of payables		**P 61,690,791**	P 6,486,587	P -
Administrative charges		**37,634,896**	14,499,649	6,662,230
Move-in fee income		**33,651,002**	-	-
Gain on remeasurement of investment in associates	9.2	**32,438,511**	-	-
Water service fee		**11,150,077**	9,019,740	4,519,195
Documentation fee		**8,536,557**	7,323,661	3,718,750
Utilities charged to tenants		**5,749,848**	1,770,786	4,654,457
Scrap sales		**2,541,366**	-	-
Sponsorships		**2,125,098**	-	982,143
Late payment penalties charged to customers		**2,111,708**	1,447,633	1,806,287
Concession income		**1,733,355**	1,803,088	-
Foreign exchange gains		**1,410,012**	-	-
Referral incentive		**336,386**	75,728	34,644
Reservation fees foregone		**43,750**	8,460,301	-
Refund from lot acquisitions		**-**	-	15,807,755
Gain on buy-back of properties		**-**	-	1,327,473
Others		**5,570,203**	1,912,950	1,240,144
		P 206,723,560	P 52,800,123	P 40,753,078

Reversal of payables pertains to outstanding payables related to cancelled contracts with certain building contractors and suppliers which the Company is no longer required to pay. This also includes income from the write-off of long-outstanding unidentified deposits.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

Water service fee pertains to fees charged to home or unit-owners of the turned-over units and condominium projects.

Refund from lot acquisitions pertain to the refund from seller of property for overpayments made.

19.2 Other Losses

This account is composed of the following:

	2021	2020	2019
Losses due to typhoon	**P 89,558,963**	P -	P -
Foreign exchange losses	**1,391,339**	685,956	349,967
Loss on sale of assets - net	**16,577**	-	-
	P 90,966,879	P 685,956	P 349,967

Losses due to typhoon pertain to the damages sustained from a typhoon Odette which affected Company's projects and properties in Cebu (see Note 32.2).

20. FINANCE INCOME

This is composed of the following:

	Notes	2021	2020	2019
Interest income on:				
Advances to related parties	24.1	**P 26,524,249**	P 6,460,910	P -
Banks	4	**2,819,951**	7,379,290	18,341,700
Amortization of day one loss on non-current contract receivables - net	5	**1,160,937**	30,761,436	26,971,237
Others		**-**	245,725	180,000
		P 30,505,137	P 44,847,361	P 45,492,937

21. FINANCE COSTS

This is composed of the following:

	Notes	2021	2020	2019
Interest expense on				
Loans	14	**P 100,246,234**	P 8,677,442	P 33,629,596
Lease liabilities	11	**52,757,989**	56,727,264	10,580,659
Post-employment defined benefit obligation	22.2	**24,537**	-	449,368
Bank charges		**440,856**	174,756	133,428
		P 153,469,616	P 65,579,462	P 44,793,051

Interest expense on loans is the portion not capitalized as part of real estate inventories (see Notes 6 and 14).

22. EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits (see Note 18) are presented below.

	Note	2021	2020	2019
Short-term employee benefits		**P 426,942,041**	P 349,098,609	P 286,313,910
Post-employment defined benefit	22.2	**4,626,897**	(2,446,874)	6,492,082
		P 431,568,938	P 346,651,735	P 292,805,992

22.2 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Company. The trustee bank manages the fund in coordination with the Company's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Company's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation reports obtained from an independent actuary in 2021 and 2020.

The amounts of post-employment defined benefit obligation (asset) recognized in the 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 as follows.

	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
Benefits paid	**(59,660)**	(2,285,872)
Past service cost	**-**	(6,679,309)
Remeasurements – actuarial losses (gains) arising from:		
Changes in demographic assumptions	**2,431,649**	(38,900,877)
Changes in financial assumptions	**(2,420,116)**	2,395,087
Experience adjustments	**(1,316,633)**	44,456,648
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
Interest income	**1,377,119**	1,811,148
Return on plan assets (excluding amounts included in net interest)	**(870,008)**	(1,040,784)
Benefits paid	**-**	(2,285,872)
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 58,198**	P 32,505
Receivables	**86,620**	1,355,672
Unitized investment funds	**28,225,300**	27,521,395
Government securities	**7,000,761**	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 Company's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized losses of P870,008 in 2021 and P1,040,784 in 2020, 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 presented below.

	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)
Demographic assumptions	**2,431,649**	(38,900,877)	2,110,059
Financial assumptions	**(2,420,116)**	2,395,087	16,523,250
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 20 and 21).

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

(c) Risks Associated with the Retirement Plan

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

(i) Investment and Interest Risks

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

(ii) Longevity and Salary Risks

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

(d) Other Information

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

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	Impact on Post-employment Defined Benefit Obligation		
	Changes in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2021			
Discount rate	**+/-1.0%**	**(P 1,758,332)**	**P 2,114,346**
Salary increase rate	**+/-1.0%**	**2,051,714**	**(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 statements of financial position.

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

(ii) Asset-Liability Matching Strategies

To efficiently manage the retirement plan, the Company, through its Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the post-employment obligations.

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

(iii) Funding Arrangements and Expected Contributions

The Company does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	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 4.6 years.

23. CURRENT AND DEFERRED TAXES

On March 26, 2021, RA No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company.

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Company, was lower by P6,800,285 than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as at December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P169,328,534 and such was recognized in the 2021 profit or loss and in other comprehensive income.

The Company was registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Company enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Company has 15 and 17 registered projects with BOI as at December 31, 2021 and 2020, respectively.

The components of tax expense (income) relating to profit or loss and other comprehensive income are as follows:

	2021	2020	2019
Recognized in profit or loss			
Current tax expense:			
RCIT at 25% in 2021 and 30% in 2020	**P 25,004,538**	P 81,603,422	P 139,618,051
Adjustment in 2020 income taxes due to change in income tax rates	**(6,800,285)**	-	-
Final tax	**547,058**	1,515,795	3,668,170
	18,751,311	83,119,217	143,286,221
Deferred tax expense relating to:			
Origination and reversal of temporary differences	**671,965,242**	463,551,283	282,673,935
Effect of the change in income tax rate	**(169,778,116)**	-	-
	502,187,126	463,551,283	282,673,935
	P 520,938,437	P 546,670,500	P 425,960,156
Recognized in other comprehensive income			
Deferred tax expense (income) arising from:			
Origination and reversal reversal of temporary differences	**P 108,773**	(P 2,697,492)	P 2,502,251
Effect of the change in income tax rate	**920,416**	-	-
	P 1,029,189	(P 2,697,492)	P 2,502,251

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of profit or loss is presented below.

	2021	2020	2019
Tax on pretax profit at 25% in 2021 and 30% in 2020	**P 781,184,332**	P 723,793,522	P 735,090,996
Adjustments for income subject to lower tax rates	**(157,930)**	(697,993)	(1,834,170)
Effect of the change in income tax rate	**(176,578,401)**	-	-
Tax effects of:			
Timing difference from tax exempt real estate sales	**(90,408,481)**	(136,649,789)	(819,651,747)
Non-taxable income	**(290,234)**	(54,166,839)	(114,232,486)
Non-deductible expenses	**7,189,151**	14,391,599	626,587,563
Tax expense	**P 520,938,437**	P 546,670,500	P 425,960,156

Non-taxable income primarily pertains to the tax effect of the Company's share in net profit of its subsidiaries and associates which is a permanent difference for tax purposes.

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

	2021	2020
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	**P1,577,664,682**	P1,035,517,212
Rental income	**4,531,825**	3,373,799
Others	**330,590**	385,322
	1,582,527,097	1,039,276,333
Deferred tax assets:		
Recognition of commission	**(46,982,574)**	(10,782,713)
Lease liabilities	**(15,883,716)**	(10,720,120)
Unamortized past service cost	**(2,046,703)**	(2,935,601)
Post-employment defined benefit obligation – net	**26,730**	(413,381)
	(64,886,263)	(24,851,815)
	P 1,517,640,834	P1,014,424,518

The components of deferred tax income (expense) are as follows:

	Statements of Profit or Loss			**Statements of Comprehensive Income**		
	2021	2020	2019	**2021**	2020	2019
Deferred tax liabilities:						
Difference between tax reporting base and financial reporting bas used in sales recognition	**(P 542,147,470)**	(P 463,100,881)	(P 264,335,711)	**P -**	P -	P -
Rental income	**(1,158,026)**	(310,207)	(156,696)	**-**	-	-
Others	**54,732**	783	(386,105)	**-**	-	-
Deferred tax assets:						
Recognition of commission	**36,199,861**	(8,765,328)	(15,848,836)	**-**	-	-
Lease liabilities	**5,163,596**	9,260,128	1,459,993	**-**	-	-
Unamortized past service cost	**(888,898)**	(128,741)	3,064,342	**-**	-	-
Post-employment defined benefit obligation – net	**589,078**	(507,037)	(1,064,862)	**1,029,189**	2,697,492	(2,502,521)
Allowance for impairment	**-**	-	(5,406,060)	**-**	-	-
Net Deferred Tax Liabilities	**(P 502,187,127)**	(P 463,551,283)	(P 282,673,935)			
Deferred tax expense				**P 1,029,189**	P 2,697,492	(P 2,502,521)

In 2021 and 2020, the Company is subject to the minimum corporate income tax (MCIT) which is computed at 1% and 2%, respectively, of gross income net of allowable deductions, as defined under the tax regulations, or to RCIT, whichever is higher. No MCIT was reported in 2021 and 2020 as the RCIT was higher than MCIT in both years.

The Company opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34*(b)* of the NIRC; hence, there are no deferred taxes related to the transaction.

The Company opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2021, 2020 and 2019.

24. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent or ABS, entities under common ownership, associates, joint ventures, shareholders, the Company's key management personnel, and others as described in Note 2.17.

A summary of the Company's transactions and outstanding balances with its related parties is presented below.

	Note	Amount of Transaction 2021	2020	2019	Outstanding Balance 2021	2020
Ultimate Parent Company						
Sale of real estate	24.4	**P -**	P 41,538,000	P 26,047,495	**P 71,796,233**	P 214,172,636
Entities under Common Ownership						
Net advances (collections)	24.1	**12,778,398**	11,953,583	(11,206,772)	**34,697,398**	21,901,000
Subsidiaries						
Advances to (collections)	24.1	**669,293,633**	289,507,725	5,517,536	**974,773,695**	305,480,062
Purchase of property	24.3	**(50,802,967)**	50,433,760	16,279,286	**50,503,033**	101,306,000
Accommodation payment	24.2	**9,007,084**	2,891,501	7,113,080	**(60,612,186)**	(69,619,270)
Associates						
Advances to (collections)	24.1	**(16,907)**	49,504	-	**32,597**	49,504
Key Management Personnel						
Sale of real estate	24.5	**-**	39,075,750	-	**53,973,659**	43,259,635
Compensation	24.6	**122,750,352**	94,966,157	87,656,262	**-**	-

Based on management's assessment, no impairment loss is required to be provided on the Company's receivables from related parties as at December 31, 2021 and 2020. The cash advances to and from related parties are noninterest-bearing, unsecured, due on demand and are expected to be settled in cash or offsetting of accounts within one year from end of the reporting period. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions follow.

24.1 Due from Related Parties

The Company grants cash advances to shareholders, entities under common ownership, subsidiary, associates and joint ventures. An analysis of such advances is presented as follows.

	Entities Under Common Ownership	Subsidiaries	Associates	Total
Balance at January 1, 2021	P 21,901,000	P 305,480,062	P 49,504	P 327,430,566
Advances	20,189,060	779,935,867	-	800,124,927
Collections	(7,410,662)	(110,642,234)	(16,907)	(118,069,803)
Balance at December 31, 2021	**P 34,679,398**	**P 974,773,695**	**P 32,597**	**P 1,009,485,690**
Balance at January 1, 2020	P 9,947,417	P 15,972,337	P -	P 25,919,754
Advances	11,953,583	290,552,338	49,504	302,555,425
Collections	-	(1,044,613)	-	(1,044,613)
Balance at December 31, 2020	P 21,901,000	P 305,480,062	P 49,504	P 327,430,566

24.2 Due to Related Parties

In 2017, the Company assumed the development of Astra Center Project and acknowledged its obligation to ASF amounting to P59,610,753 for the development cost it incurred. The outstanding balance of the Company's payable to related parties amounted to P60,612,186 and P69,619,270 as at December 31, 2021 and 2020, respectively and is presented as Due to related parties under of Trade and other payables in the statements of financial position (see Notes 15).

24.3 Purchases of Condominium Units

The Company purchased condominium units that are still under construction from GGTT in 2021 and from BL Ventures and El Camino in 2017. Contract prices of the purchased units from GGTT, BL Ventures and El Camino, amounted to P78,308,543, P172,711,550 and P125,625,196, respectively. In 2021, payments to GGTT, BL Ventures and El Camino for such purchases amounted to P27,435,531, P51,242,219 and P50,433,760, respectively. The Company paid P50,433,760 to El Camino in 2020 (nil in 2019) and P16,279,286 to BL Ventures in 2019 (nil in 2020).

As at December 31, 2021 and 2020, the outstanding balance of the deposit for purchased properties from BL Ventures and El Camino and GGGT amounted to P50,503,033 and P101,306,000, respectively, which is presented, net of input VAT, as Deposits for purchased properties in the statements of financial position (see Note 13).

24.4 Sale of Real Estate to Ultimate Parent Company

In 2021, 2020 and 2019, the Company sold condominium units to the Ultimate Parent Company amounting to nil, P41,538,000 and P26,047,495, respectively. The outstanding balance related to this transaction is presented as part of Contracts receivable under the Receivables account in the statements of financial position (see Note 5).

24. 5 Sale of Real Estate to Key Management Personnel

In 2020 (nil in 2021 and 2019) and 2017, the Company sold condominium units totaling P39,075,750 and P80,834,073, 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 statements of financial position (see Note 5).

24.6 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2021, 2020 and 2019 are shown below.

	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

24.7 Retirement Fund

The Company's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2021 and 2020 consists of the contributions to the plan and interest earned (see Note 22.2). The plan assets do not comprise investment in any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

25. EQUITY

25.1 Capital Stock

Details of the Company's authorized capital stock as at 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	**3,623,451,997**	1,714,000,000
Treasury shares	**(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 Company had a successful initial public offering of 430,000,000 unissued common shares at an offer price of P5.00 per share, which is equivalent to P2,150,000,000 on June 2, 2017. Accordingly, the Company recognized additional paid-in capital of P1,608,917,974 in the statements of financial position after deducting the related share issuance costs of P111,082,026.

On November 24, 2020, the Company's BOD approved the proposed increase in its authorized common stock from P2,400,000,000, divided into 2,400,000,000 common shares with a par value of P1.00 per share to P10,000,000,000, divided into 10,000,000,000 common shares with a par value of P1.00 per share. Relative to the increase in authorized common stock, on the same date, the Company's BOD approved to declare stock dividends, subject to the approval of the stockholders, of at least 1,900,000,000 or such number of common shares as sufficient to pay the required subscription to the increase in the authorized common stock and as necessary to avoid fractional shares. This will be issued to stockholders of record as of the record date fixed and approved by the SEC, and to be paid on such payment date as shall be fixed by the BOD after the determination of the record date. The increase in the authorized common stock and declaration of stock dividends were approved by the Company's stockholders on February 26, 2021.

On May 21, 2021, the SEC approved the Company's application for the increase of authorized capital stock and declaration of stock dividends, and subsequently approved by the PSE on July 6, 2021.

On July 14, 2021, the Company distributed stock dividends of 1,909,451,997 common shares with a par value of P1.00 or P1,909,451,997 (see Note 25.4). 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 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 Company has no other listed securities as at December 31, 2021 and 2020.

25.2 Treasury Shares

An analysis of treasury shares as at December 31, 2021 and 2020, respectively is shown below.

	Shares		Amounts	
	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 Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 27, 2020, the BOD of the Company approved an additional P500,000,000 stock buy-back program for its valuation plans over the next two years.

On October 6, 2021, the BOD of the Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Company at a 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 Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,885 and P485,657,205, respectively, and presented them as Treasury Stock in the statements 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 Company that is held under nominee accounts totaled 1,310,696,135 shares and 680,864,750 shares as at December 31, 2021 and 2020, respectively. This represents 36% and 40% of the Company's outstanding shares as at December 31, 2021 and 2020, respectively.

25.3 Revaluation Reserves

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

	Notes	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	22.2	435,092	(8,991,642)	8,341,738
Tax income (expense)	23	(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)

25.4 Retained Earnings

a) Cash Dividends

On February 26, 2019, the BOD declared cash dividend of P0.20 per share or a total amount of P332,590,000 to stockholders on record as of March 26, 2019 and was paid on April 24, 2019.

On February 19, 2020, the BOD declared cash dividend of P0.25 per share totaling P414,795,000 to stockholders on record as of April 3, 2020 and was paid on April 30, 2020.

On March 15, 2021, the BOD declared cash dividend of P0.25 per share totaling P388,749,900 to stockholders on record as of April 16, 2021 and was paid on May 10, 2021.

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	P 3,050,000,000	P 2,400,495,377	P 3,300,000,000	P 3,949,504,623

In 2021 and 2020, the 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 Company's proposed increase in authorized common stock and of which portion will be issued through stock dividend (see Note 25.1).

- P1,400,000,000 for the capital expenditures, financing costs, and other related development costs of certain projects that the Company expects to incur in 2021 with details below:

  i. P400,000,000 for the on-going development of the Casa Mira and Velmiro Homes Davao projects. Project developments commenced in December 2019 and are expected to be completed by fourth quarter of 2023.

  ii. P500,000,000 for the on-going development of Mivela Garden Residences. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

  iii. P500,000,000 for the on-going development of Casa Mira Towers Mandaue. Project development commenced in September 2019 and is expected to be completed by fourth quarter of 2023.

On October 24, 2019, the Board of Directors approved the appropriation of P3,050,000,000 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 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 Taekwoord, 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.

26. COMMITMENTS AND CONTINGENCIES

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

26.1 Operating Lease Commitments – Company as Lessor

The Company is a lessor under several operating leases covering investment properties (see Note 12). The leases have terms ranging from one to five years, with renewal options, and include annual escalation from 5.00% to 10.00%. The future minimum lease receivables under these agreements are presented below.

	2021	2020	2019
Within one year	**P 54,346,158**	P 53,712,626	P 59,467,774
After one year but not more than five years	**102,938,930**	71,468,344	91,924,899
More than five years	**116,723,431**	118,400,559	132,301,010
	P 274,008,519	P 243,581,529	P 283,693,683

Rental income amounted to P67,989,495, P61,528,393 and P63,159,194 in 2021, 2020 and 2019, respectively (see Note 12 and 16.1). None of the rental income in 2021, 2020 and 2019 are relating to variable lease payments.

26.2 Operating Lease Commitments – Company as Lessee

The Company entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases amounted to P15,121,820, P11,065,601 and P27,947,436 in 2021, 2020 and 2019, respectively, and is shown as Rent under Operating Expenses in the statements of profit or loss (see Note 18).

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.

26.3 Completion of Sold Units

The Company is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Company recognized a contract liability, which amounts to P353,200,147 and P361,720,625 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 16.2).

26.4 Purchase of Land

As at December 31, 2020, the Company had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land for about P691,305,264, respectively. There were no such commitments as at December 31, 2021.

26.5 Capital Commitments

As at December 31, 2021 and 2020, the Company has capital commitments of about P5,829,213,416 and P5,832,089,866, respectively, for the construction of condominium and subdivision projects.

26.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the financial statements. 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 Company's financial statements.

27. 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.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 29. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Company is exposed to are described as follows.

28.1 Market Risk

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

The Company has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

The Company has no significant interest rate risk exposure as most of its interest-bearing financial assets and liabilities bear fixed interest rates.

28.2 Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Company maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Company transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) Maximum exposure to credit risk

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets), as summarized below.

	Notes	**2021**	2020
Cash and cash equivalents	4	**P 330,793,238**	P 420,556,149
Receivables*	5	**3,996,418,473**	4,735,507,976
Contract assets	16.2	**16,256,159,124**	9,470,656,275
Due from related parties	24.1	**1,009,485,690**	327,430,566
Short-term investments	8	**149,901,854**	-
Refundable deposits	13	**86,691,321**	65,842,535
		P21,829,449,700	P 15,019,993,501

* *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 3,697,017,615	P 7,853,276,713	P -
Contract assets	16,256,159,124	35,539,865,028	-
	P 19,953,176,739	**P 43,393,141,741**	**P -**
2020			
Contract receivables	P 4,433,279,884	P 10,147,922,434	-
Contract assets	9,470,656,275	26,384,721,070	-
	P 13,903,936,159	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 Company's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

An analysis of concentration of credit risk by location of the Company's receivables and contract assets, net of allowance for impairment, is shown below.

	2021	2020
Cebu	**P 9,989,786,107**	P 7,110,617,412
Visayas	**5,641,318,497**	2,941,875,559
Mindanao	**4,321,905,769**	3,850,797,989
Luzon	**166,366**	645,199
	P 19,953,176,739	P 13,903,936,159

(c) Credit quality

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

Other receivables and refundable deposits are considered to be unrated and are neither past due nor impaired. For trade receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Company.

	2021					
	Neither past due not impaired			**Past due but**	**Individually**	
	High grade	**Standard grade**	**Unrated**	**not impaired**	**impaired**	**Total**
Cash	P 330,793,238	P -	P -	P -	P -	P 330,793,238
Receivables						
Contract	-	3,697,017,615	-	-	-	3,697,017,615
Others	-	-	299,400,858	-	-	299,400,858
Contract assets	-	16,256,159,124	-	-	-	16,256,159,124
Due from related parties	-	-	1,009,485,690	-	-	1,009,485,690
Short-term investments	149,901,854	-	-	-	-	149,901,854
Refundable deposits	-	-	86,691,321	-	-	86,691,321
	P 480,695,092	**P19,953,176,739**	**P 1,395,577,869**	**P -**	**P -**	**P21,829,449,700**

	2020					
	Neither past due not impaired			Past due but	Individually	
	High grade	Standard grade	Unrated	not impaired	impaired	Total
Cash	P 420,556,149	P -	P -	P -	P -	P 420,556,149
Receivables						
Contract	-	4,433,279,884	-	-	-	4,433,279,884
Others	-	-	302,228,092	-	-	302,228,092
Contract assets	-	9,470,656,275	-	-	-	9,470,656,275
Due from related parties	-	-	327,430,566	-	-	327,430,566
Refundable deposits	-	-	65,842,535	-	-	65,842,535
	P 420,556,149	P13,903,936,159	P 695,501,193	P -	P -	P15,019,993,501

28.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. Management maintains enough cash to meet the Company's liquidity. Excess cash are invested in short-term placements.

As at December 31, 2021 and 2020, the Company's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	More than 5 Years
December 31, 2021				
Interest-bearing loans	P 3,764,808,806	P 3,808,201,602	P12,715,052,932	P 6,807,973,205
Trade and other payables*	2,759,983,190	4,946,268,676	129,280,893	-
	P 6,524,791,996	**P 8,754,470,278**	**P12,844,333,825**	**P 6,807,973,205**
December 31, 2020				
Interest-bearing loans	P 3,103,234,774	P 741,547,220	P11,276,600,811	P 9,536,474,926
Trade and other payables*	1,655,526,573	3,603,696,479	29,280,893	-
	P 4,758,761,347	P 4,345,243,699	P11,305,881,704	P 9,536,474,926

**Trade and other payables exclude output VAT, government-related obligations and advance rental.*

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

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

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are presented as follows.

		2021		2020	
	Notes	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	**P 333,090,459**	**P 333,090,459**	P 421,353,771	P 421,353,771
Receivables - net[1]	5	**3,996,418,473**	**3,996,418,473**	4,735,507,976	4,735,507,976
Due from related parties	24.1	**1,009,485,690**	**1,009,485,690**	327,430,566	327,430,566
Short-term investments	8	**149,901,854**	**149,901,854**	-	-
Refundable deposits	13	**86,691,321**	**86,691,321**	65,842,535	65,842,535
		P 5,575,587,797	**P 5,575,587,797**	P 5,550,134,848	P 5,550,134,848
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans	14	**P 26,910,209,391**	**P 26,129,944,973**	P 19,135,019,268	P 18,831,168,728
Trade and other payables[2]	15	**7,835,532,759**	**7,835,532,759**	5,388,503,946	5,388,503,945
		P 34,745,742,150	**P 33,965,477,732**	P 24,523,523,214	P 24,219,672,673

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

See Note 2.4 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		
	Financial assets	Financial liability set off		Financial instruments	Cash collateral received	Net amount
December 31, 2021						
Cash and cash equivalents	P 333,090,459	P -	P 333,090,459	P 288,860,700	P -	P 44,229,759
Short-term investments	149,901,854	-	149,901,854	149,901,854	-	-
Total	**P 482,992,313**	**P -**	**P 482,992,313**	**P 438,762,554**	**P -**	**P 44,229,759**
December 31, 2020						
Cash and cash equivalents	P 421,353,771	P -	P 420,556,149	P 378,815,182	P -	P 42,538,589

The following financial liabilities with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	Net amount
December 31, 2021						
Interest-bearing loans	**P 26,910,209,391**	**P -**	**P 26,910,209,391**	**P 438,762,554**	**P -**	**P 26,471,446,837**
December 31, 2020						
Interest-bearing loans	P 19,135,019,268	P -	P 19,135,019,268	P 378,815,182	P -	P 18,756,204,086

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties and contractors) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

29.3 Fair Value Measurements and Disclosures

(a) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities, which are not measured at fair value in the 2021 and 2020 statements of financial position, but for which fair value is disclosed (see Note 29.1).

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	P 333,090,459	P -	P -	P 333,090,459
Receivables - net	-	-	3,996,418,473	3,996,418,473
Due from related parties	-	-	1,009,485,690	1,009,485,690
Short-term investments	149,901,854	-	-	149,901,854
Refundable deposits	-	-	86,691,321	86,691,321
	P 482,992,313	**P -**	**P 5,092,595,484**	**P 5,575,587,797**
Financial liabilities				
Interest-bearing loans	P -	P -	P26,910,209,391	P26,910,209,391
Trade and other payables	-	-	7,835,532,759	7,835,532,759
	P -	**P -**	**P34,745,742,150**	**P34,745,742,150**

	2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	P 421,353,771	P -	P -	P 421,353,771
Receivables - net	-	-	4,735,507,976	4,735,507,976
Advances to related parties	-	-	327,430,566	327,430,566
Refundable deposits	-	-	65,842,535	65,842,535
	P 421,353,771	P -	P 5,128,781,077	P 5,550,134,848
Financial liabilities				
Interest-bearing loans	P -	P -	P19,135,019,268	P19,135,019,268
Trade and other payables	-	-	5,388,503,946	5,388,503,946
	P -	P -	P24,523,523,214	P24,523,523,214

For the Company's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values because, except for interest-bearing loans, of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Company has no non-financial assets measured at fair value as at December 31, 2021 and 2020. However, the fair values of its investment properties are required to be disclosed, as shown in Note 12.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2021 and 2020.

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Investment properties	**P -**	**P 2,509,272,000**	**P 4,883,051,227**	**P 7,392,323,227**
December 31, 2020				
Investment properties	P -	P -	P 5,148,898,784	P 5,148,898,784

In 2021 and 2020, the fair value of the Company's Investment Properties [see Note 3.2*(h)*] are determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(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 Company, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2021 and 2020.

30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2021	2020
Total interest-bearing loans and borrowings	**P 26,910,209,391**	P 19,135,019,268
Total equity	**10,923,039,660**	8,723,905,651
Debt-to-equity ratio	**2.46:1.00**	2.19:1.00

The Company's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis (see Note 14). This is in line with the Company's compliance with requirement of the BOI and banks.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years ended December 31, 2021 and 2020.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans (see Note 14)	Lease Liabilities (see Note 11)	Total
Balance as of January 1, 2021	P19,135,019,268	P 828,252,812	P19,963,272,080
Cash flows from financing activities			
Additional borrowings	12,999,276,695	-	12,999,276,695
Repayment of borrowings	(5,288,736,576)	-	(5,288,736,576)
Non-cash financing activities			
Additional lease liabilities	-	50,369,114	50,369,114
Amendment of lease contract	-	(44,048,103)	(44,048,103)
Amortization of debt issue cost	64,650,004		64,650,004
Balance at December 31, 2021	**P26,910,209,391**	**P 834,573,823**	**P27,744,783,214**
Balance as of January 1, 2020	P13,081,505,265	P 132,019,988	P13,213,525,253
Cash flows from financing activities			
Additional borrowings	11,389,408,689	-	11,389,408,689
Repayment of borrowings	(5,369,429,420)	(103,564,542)	(5,472,993,962)
Non-cash financing activities			
Additional lease liabilities	-	818,482,704	818,482,704
Amendment of lease contract	-	(18,685,338)	(18,685,338)
Amortization of debt issue cost	33,534,734	-	33,534,734
Balance at December 31, 2020	P19,135,019,268	P 828,252,812	P19,963,272,080
Balance as of January 1, 2019	P 8,206,753,762	P -	P 8,206,753,762
Cash flows from financing activities			
Additional borrowings	9,122,981,310	-	9,122,981,310
Repayment of borrowings	(4,265,207,842)	(39,419,341)	(4,304,627,183)
Non-cash financing activities			
Additional lease liabilities	-	171,439,329	171,439,329
Amortization of debt issue cost	16,978,035	-	16,978,035
Balance at December 31, 2019	P13,081,505,265	P 132,019,988	P13,213,525,253

32. OTHER MATTERS

32.1 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 Company's operations continue to navigate and weather the pandemic's effects. The Company 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 Company 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 Company 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 Company'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.

32.2 Impact of Typhoon "Odette" on the Company'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 Company sustained damages in its projects and properties in Cebu and reported calamity damages, net of estimated insurance claims, amounting to P89,558,963, in the statement of profit or loss in 2021 (see Note 19.2).

Pursuant to the Bureau of Internal Revenue (BIR) Revenue Memorandum Order No. 031-09, in relation to Section 34 (D)(1)(b) of the National Internal Revenue Code, as amended, the Company filed notarized declarations of casualty losses on February 23, 2022 to BIR, prior to the deadline on February 29, 2022 as extended under BIR Revenue Regulations No. 1-2022.

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Following is the supplementary information which is required by the Bureau of Internal Revenue under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

a) Output VAT

In 2021, the Company declared output VAT as follows relating to sale of real estate:

	Tax Base	Output VAT
Taxable sales	P1,434,269,611	P 172,112,353
Exempt sales	1,912,987,102	-
Zero-rated sales	21,870,074	-
	P3,369,126,787	**P 172,112,353**

The Company's taxable real estate sales (at 12% and 0%) and VAT exempt real estate sales were determined pursuant to Section 106, *VAT on Sale of Goods or Properties* and Section 109, *VAT-Exempt Transactions*, of the 1997 NIRC, as amended. The tax base for the real estate sales are based on the provisions under the VAT regulations (installment plan or deferred payment basis); hence, may not be the same as the amounts reported in the 2021 profit or loss of the Company for financial reporting purposes.

b) Input VAT

The movements in input VAT for the year ended December 31, 2021 are summarized below.

Balance at beginning of year	P 128,047,679
Goods for resale/manufacture or further processing	171,885,249
Services lodged under cost of goods sold and other accounts	533,167,013
Capital goods subject to amortization	2,120,742
Capital goods not subject to amortization	51,589
Services rendered by non-residents	43,114
Input tax on sale to government	
Allocable to exempt sales	(365,757,200)
Applied against output VAT	(172,112,353)
Balance at end of year	**P 297,445,833**

c) Taxes on Importation

The Company does not have any landed cost, customs duties and tariff fees on importation since it does not have importations during 2021.

d) Excise Tax

The Company did not have any transactions in 2021 which are subject to excise tax.

e) *Documentary Stamp Tax (DST)*

For the year ended December 31, 2021, the Company paid and accrued DST amounting to P102,757,118. Details of DST in 2021 are as follows:

Loans	P	35,258,836
Conveyance of properties		48,264,368
Stock Dividends		19,094,520
Rentals		139,394
	P	**102,757,118**

The Company capitalized P62,783,768 of the documentary stamp tax as deduction of the interest-bearing loans.

f) *Taxes and Licenses*

Details of taxes and licenses in 2021 are as follows:

Bureau of Internal Revenue	P	67,896,839
City Treasurer's Office		31,198,400
DST		21,188,050
Land Registration Authority		17,576,430
Securities and Exchange Commission		15,353,070
Real property tax		5,308,384
Bureau of Fire Protection		3,868,729
Registry of Deeds		3,066,498
Business Taxes and Permits		2,595,062
Transfer taxes		2,239,399
Board of Investments		220,674
Pag-IBIG processing fee		179,647
Others		5,474,384
	P	**176,165,566**

g) *Withholding Taxes*

Details of total withholding taxes for the year ended December 31, 2021 are as follows:

Expanded	P	271,942,715
Compensation and employee benefits		56,689,421
Final		10,531,234
	P	**339,163,370**

h) *Deficiency Tax Assessments and Tax Cases*

As at December 31, 2021, the Company does not have any final deficiency tax assessments from BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in the open taxable years.