COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

Sec Registration Number

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COMPANY NAME

GLOBAL-ESTATE RESORTS, INC.
AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

9TH FLOOR EASTWOOD GLOBAL PLAZA
PALM TREE AVENUE BAGUMBAYAN
1110 QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
lvvillanueva@global-estate.ph	5-328-4370	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,152	Last Thursday of June	December-31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
LAILANI V. VILLANUEVA	lvvillanueva@global-estate.ph	5-328-4370	N/A

CONTACT PERSON'S ADDRESS

9/F Eastwood Global Plaza, Palm Tree Ave., Eastwood City, Bagumbayan, Quezon City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause to delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-recepient of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SEC Number: AS 094-004462
File Number: _________

GLOBAL-ESTATE RESORTS, INC.
(Company's Full Name)

9th Floor, Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City
(Company's Address)

SEC Form 17 - A Annual Report
(Form Type)

(Amendments – if applicable)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2023**

2. SEC Identification Number **AS 094-004462**

3. BIR Tax Identification No. **000-426-523**

4. Exact name of issuer as specified in its charter **GLOBAL-ESTATE RESORTS, INC.**

5. **Quezon City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **9th Floor, Eastwood Global Plaza, Palm Tree Avenue**
   Eastwood City, Bagumbayan, Quezon City — **1110**
   Address of principal office — Postal Code

8. **(632) 5328-4370 to 78**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	**10,986,000,000**
Outstanding debts (loans)	**9,494,069,589**

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

    Yes [**X**]   No [ ]

    Name of Stock Exchange: Philippine Stock Exchange
    Class of securities listed: Common Stocks

    10,986,000,000 common shares have been listed with the Philippines Stock Exchange as of December 31, 2023.

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:

P 1,842,455,352.65 (as of December 31, 2023) based on the closing price of Php0.95 per share

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] **Not Applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

<u>2023 Audited Consolidated Financial Statements</u> (incorporated as reference for Item 7 of SEC Form 17-A)

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PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Business Development

Global-Estate Resorts, Inc. ("**GERI**" or the "**Company**") was incorporated on 18 May 1994 as Fil-Estate Land, Inc. to engage in real estate development. The Company went public in November 1995 when its common shares were listed in the Philippine Stock Exchange (PSE).

In 2011, Alliance Global Group, Inc. ("**AGI**") acquired a majority stake in the Company and re-branded it as Global-Estate Resorts, Inc. to engage in the development of integrated tourism and leisure estates.

In 2014, GERI was consolidated under Megaworld Corporation when the latter acquired AGI's stake in the Company.

Description of Business

The Company is primarily engaged in the development of integrated tourism and leisure estates and integrated lifestyle communities consisting of residential, retail, hotel and/or leisure components in natural resort settings. Its key developments are Boracay Newcoast in Malay, Aklan, Twin Lakes in Laurel, Batangas, Sta. Barbara Heights in Iloilo, Southwoods City in Laguna and Cavite, Alabang West in Las Piñas, Metro Manila, Eastland Heights in Antipolo City, Rizal, The Hamptons Caliraya in Lumban-Cavinti, Laguna, Arden Botanical Estate in Trece and Tanza, Cavite, Sherwood Hills in Trece, Cavite, and The Fifth in Pasig City, Metro Manila. The Company undertakes its development business by itself or in joint venture with landowners. Among the Company's subsidiaries are joint venture corporations: i) Twin Lakes Corporation ("**TLC**"), which was incorporated on 02 March 2011 to develop Twin Lakes in Laurel, Batangas; ii) Oceanfront Properties, Inc. ("**OPI**"), which was incorporated on 12 October 2010 to develop parts of Boracay Newcoast; and iii) Southwoods Mall, Inc. ("**SMI**"), which was incorporated on 18 July 2013 to develop the Southwoods Mall and Office Towers in Southwoods City.

The Company's developments are marketed by Megaworld Global-Estate, Inc. (**"MGEI"**), a subsidiary incorporated on 14 March 2011, and by the Company's in-house marketing group.

The Company's hotel developments in Boracay and Twin Lakes are operated by its subsidiaries Twin Lakes Hotel, Inc. (incorporated on 28 September 2018), Savoy Hotel Boracay, Inc. (incorporated on 24 January 2017), Belmont Hotel Boracay, Inc. (incorporated on 18 March 2019), and Fil-Estate Urban Development Corporation (incorporated on 6 March 2000).

Prior to 2011, the Company's subsidiaries Global-Estate Properties, Inc. (*formerly known as Fil-Estate Properties, Inc. or* "**GEPI**") and Global-Estate Golf and Development, Inc. *(formerly known as Fil-Estate Golf and Development, Inc. or*

"**GEGDI**"), incorporated on 13 February 1990 and 06 March 1990, respectively, had engaged in the development of residential subdivisions, condominium buildings, commercial lots, and golf clubs.

Bankruptcy, Receivership or Similar Proceedings

Neither the Company nor its significant subsidiaries have been involved in bankruptcy, receivership or similar proceeding.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary)

On 31 December 2019, GEPI sold 100% ownership interest in Boracay Newcoast Hotel Group, Inc., a hotel development company incorporated on 17 July 2012.

Products

GERI together with its subsidiaries (the "**GERI Group**" or the **"Group"**) have a diversified real estate inventory including residential and commercial lots, residential house and lots, residential condominium units, condominium hotel units, and golf club shares.

Percentage of sales or revenues and net income contributed by foreign sales

Sales to the foreign market accounted for 6% of the consolidated real estate sales for the year 2023.

Distribution Methods of Products

Real estate products in GERI developments are promoted and marketed to a wide range of clients by GERI's in-house marketing group and marketing subsidiary, MGEI. Real estate products in GEPI and GEGDI developments are sold thru third party real estate brokers.

Suppliers

The Company has a broad base of suppliers. The Company is not dependent on one or a limited number of suppliers.

Customers

GERI has a broad market base that consists of end-users and investors, both from the local and foreign markets.

The Company targets the Class A and B markets with special niche products such as integrated tourism and leisure estates and integrated lifestyle communities with residential, commercial and leisure components.

Competition

Significant competitors of the Company in its real estate development business include Ayala Land Premiere, Alveo, Filinvest Premiere, Landco, and SM Prime.

The Company competes with other developers in the acquisition of land or development rights to land in key growth areas in the country.

The Company aims to be the leading developer of integrated tourism and leisure estates in the Philippines. The Company's tourism projects are strategically located in Boracay, Laurel, Batangas and Cavinti, Laguna and feature strategic master-planned communities integrated with resort amenities.

The Company believes that its land bank, real estate development experience, innovative real estate offerings, and the solid financial backing of its parent, Megaworld Corporation, are its competitive advantages. Its massive landbank in tourist destinations such as Boracay Island, and Laurel and Nasugbu, Batangas gives it a lead over its competitors and has enabled the Company to be a pioneer in master-planned integrated tourism developments.

Transactions with and/or dependence on related parties

The Company has a Policy on Related Party Transactions. The Company and its subsidiaries, in their regular conduct of business, have entered into transactions with associates and related parties including investments in and advances granted to or obtained from subsidiaries, associates, and other related parties for purposes of working capital requirements. For more information, see Note 25 to the Audited Financial Statements.

Amount spent on research and development activities and its percentage to revenues

The Company incurs minimal amounts for development research activities, which do not amount to a significant percentage of revenues.

Intellectual Property

The Company believes that its operations and that of its subsidiaries are not dependent on any trademark, patent, copyright, license, franchise, or royalty agreement. Nonetheless, the Company has trademark registrations and/or applications for its corporate name and key projects.

Government Approvals / Regulations

The Company secures various government approvals such as the Environmental Compliance Certificate, development permits, license to sell, etc. as part of the normal course of its business.

Development Permit and License to Sell

Prior to the enactment of Republic Act No. 11201, otherwise known as the "Department of Human Settlements and Urban Development Act", on 14 February 2019, Housing and Land Use Regulatory Board ("**HLURB**") was the planning, regulatory and quasi-judicial national government body tasked to regulate land use and real estate and housing development.

With the enactment of RA 11201, the Department of Human Settlement and Urban Development ("**DHSUD**") is now the primary national government entity responsible for the management of housing, human settlement, and urban development.

DHSUD is the sole and main planning and policy-making, regulatory, program coordination and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to and the affordability of basic human needs. One of its regulatory functions include the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums, and similar real estate developments, and imposition of fines and other administrative sanctions for violations, pursuant to PD 957, as amended, BP 220 and other related laws.

DHSUD is a merger of the Housing and Urban Development Coordinating Council (HUDCC) and the HLURB, with the former becoming defunct and the latter reorganized as the Human Settlements Adjudication Commission (HSAC).

A registered owner or developer of a parcel of land who wishes to convert the same into a subdivision project shall apply with the Local Government Unit ("**LGU**") concerned for the approval of subdivision Development Permit. The owner/developer shall subsequently apply for Certificate of Registration and License to Sell with HLURB, now DHSUD, prior to the selling of units/house or lots.

On the other hand, an owner/developer of a condominium project is required to apply for Development Permit, Certificate of Registration and License to Sell with the HLURB, now DHSUD, prior to actual development and selling of units therein.

Agrarian Reform Law

The Comprehensive Agrarian Reform Law, as amended, covers all public and private agricultural lands as provided in Proclamation No. 131 and Executive Order No. 229. More specifically, with respect to private lands, all private lands devoted to or suitable to agriculture regardless of the agricultural products raised or that can be raised thereon, are covered by the Comprehensive Agrarian Reform Program (CARP). No person may own or retain, directly or indirectly, any public or private agricultural land, in excess of five (5) hectares. A limit of three (3) hectares may be awarded to each child of the landowners, subject to certain qualifications. The law allows the conversion of agricultural lands to non-agricultural use when the land ceases to be economically feasible and sound for agricultural purposes. Furthermore, the Department of Agrarian Reform Administrative Order No. 01 s. 1990 provides that any such classification or re-classification made after 15 June 1988 shall be subject to Department of Agrarian Reform ("**DAR**") approval. While pursuant to the aforementioned law, the issuance of notices of coverage of CARP has effectively expired on June 30, 2014, any case and/or proceeding involving the implementation of the said law, which may remain pending on June 30, 2014 shall be allowed to proceed to its finality and be executed even beyond such date.

Environmental Compliance Certificate

Any project in the Philippines that poses a potential environmental risk or impact (e.g., golf courses, beach resorts, developments adjacent to watershed areas, etc.) is required to secure an Environmental Compliance Certificate ("**ECC**") from the Department of the Environment and Natural Resources – Environmental Management Board ("**DENR-EMB**").

An ECC is issued by DENR-EMB after a positive review of the project's application. This certificate indicates that the proposed project or undertaking will not cause a significantly negative impact on the Philippine environment. The ECC contains specific measures and conditions that must be met by the project proponent before and during the operation of the project. In some cases, conditions are listed to be performed during the project's abandonment phase to lessen identified potential environmental impacts.

An ECC also certifies that the proponent has complied with all the requirements of the Environmental Impact Statement (EIS) System and has committed to implement its approved environmental management plan. Compliance with the terms and conditions of the ECC is monitored by the appropriate DENR regional office and failure to comply may lead to penalties and sanctions being imposed, including fines and/or temporary cessation of project operation.

Effect of Existing and Probable Government Regulations

Republic Act No. 7279 ("**Urban Development Housing Act**"), as amended by Republic Act 10884 ("**Balanced Housing Development Program Amendments**"), requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost and at least 5% of condominium area or project cost, at the option of the developer, in accordance with the standards as provided by law.

Tax Regulations

On 26 March 2021, Republic Act No. 11534 or the "Corporate Recovery and Tax incentives for Enterprises Act" (CREATE) was signed into law. The following are the major changes to the National Internal Revenue Code of 1997 (NIRC) brought about by the CREATE Act that are relevant to and considered by the Group:

a. Regular Corporate Income Tax (RCIT) rate was reduced from 30% to 25% , or 20% subject to certain qualifications, starting 01 July 2020.

b. Minimum Corporate Income Tax (MCIT) rate was reduced from 2% to 1% starting 01 July 2020 until 30 June 2023.
c. Repeal of the 10% Improperly Accumulated Earnings Tax (IAET).

On 22 January 2024, Republic Act No. 11976 or the "Ease of Paying Taxes Act" (EOPT) took effect amending certain provisions of the NIRC. The EOPT Act requires implementing regulations to be promulgated within 90 calendar days from its effectivity.

The Maceda Law

Republic Act No. 6552, otherwise known as the Maceda Law, applies to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial and commercial lots). Under the provisions of the law, buyers of real estate who have paid at least two years of installments are granted a grace period to cure the default, at the rate of one month for every year of installment payments made, exercisable only once every 5 years. If the contract is cancelled, the seller shall refund at least 50% of the payments made, with an additional 5% every year in cases where at least 5 years of installments have been paid (but with a total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments are entitled to a grace period of 60 days to cure the default, but without a right of refund.

Zoning and Land Use

The Department of Agrarian Reform (DAR) has issued regulations to implement the provisions of the Agrarian Reform Law in the Philippines. Under the law, all land classified for agricultural purposes as of or after 1 June 1988 cannot be converted to non-agricultural use without the prior approval of the DAR.

Land use may also be limited by the zoning ordinances of Local Government Units. Lands may be classified as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (ECC) prior to commencement of development. The Department of Environment and Natural Resources (DENR) through its regional offices or through the Environmental Management Bureau (EMB), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement (EIS) to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination (IEE) to the proper DENR regional office.

GERI has an environmental compliance team that monitors and maintains compliance by its developments with applicable Philippine environmental laws and regulations. There are no compliance issues, which would have a material effect on GERI's capital expenditures, earnings or competitive position in the property market.

Anti-Money Laundering Act

Pursuant to the Anti-Money Laundering Act of 2001 (AMLA), as amended by Republic Act No. 11521 (effective 30 January 2021), real estate developers (REDs) are covered institutions. Thus, REDs are required to report covered and suspicious transactions to the AMLC within the period prescribed by the law and its implementing rules and regulations. For REDs, a covered transaction involves a single cash transaction involving an amount in excess of Php7,500,000.00 or its equivalent in any other currency. Suspicious transactions are as defined under the AMLA and under Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, and their respective implementing rules and regulations.

Employees

As of 31 December 2023, GERI Group has a total of 1,008 employees, divided into:

Top Management	-	13
Middle Management	-	162
Rank and File	-	833

The Company expects to increase its number of employees in the next 12 months in accordance with operational requirements.

The employees are not subject to any collective bargaining agreements. There has been no employee union since the start of Company's operations.

In addition to basic salary and 13th month pay, other supplemental benefits provided by GERI to its employees include: retirement benefits as mandated by law, vacation and sick leave benefits, rice subsidy, and HMO health care coverage.

Risk Factors Relating to the Company

Highly Competitive Business Environment

The Company faces increased competition from other developers who undertake residential subdivisions and vertical residential, commercial and office projects, particularly in key cities of the Philippines where several of the Company's present and future projects are located.

Notwithstanding increased competition in the industry, GERI intends to enhance its position as one of the leading property developers of integrated tourism estates in the Philippines. The track record of the Company and the Megaworld Group and the Company's strategic land bank are perceived to be major advantages against this anticipated growth in competition.

Demand for Real Estate Developments

The Company engages, among others, in the development of integrated tourism and leisure estates as well as integrated lifestyle communities. Demand for real estate developments tends to be affected by any long-term economic downturn and political instability in the country.

The Company engages in the development of mixed-use developments in different market segments and geographic areas in order to diversify its real estate portfolio.

Limitations on Land Acquisition

As other developers race to acquire choice locations, it may become more difficult to locate parcels of suitable size in location and at prices acceptable to the Company that will enhance its present land bank. In this regard, the Company continues to explore joint ventures as an alternative to building its land bank and identifying properties that can be developed under project agreements with landowners.

Legal Issues or Disputes on Properties

There are legal disputes pertaining to some of the Company's real estate properties but these disputes are not expected to significantly impact the Company's business or financial condition.

Government Approvals, Licenses and Permits

The implementation of projects requires various government permits, approval and clearances from various municipal, city, regional and national government authorities and offices, such as, among others, the Development Permit, Certificate of Registration, License to Sell and in certain instances, the Environmental Compliance Certificate. Accordingly, any delays in obtaining such government permits, approvals and clearances may affect the Company's projects. The Company routinely applies for governmental approvals required for its development projects.

Political and Economic Factors

In general, the profitability of the Company depends on the overall demand for Company's products, which in turn is affected by political and economic factors. Any political instability in the future may have a negative effect on the viability of real estate companies. Economic factors such as substantial increases in interest and financing costs may dampen the overall demand for Company's products in the future, thus affecting the Company's profitability.

Credit Risk

Generally, the Group's credit risk is attributable to trade receivables, advances to related party and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls.

The Group transfers title to buyers over its inventory only after full payment. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position.

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 arising from day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection.

Long-term needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

Interest Rate Risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

Foreign Exchange Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposure to currency exchange rates arises mainly from the Group's U.S. dollar-denominated cash and cash equivalents, which have been used to fund new projects.

In Management's assessment, the foreign currency risks related to these U.S dollar-denominated cash and cash equivalents are not material.

As of December 31, 2023, the Group has no outstanding foreign denominated loans.

ITEM 2. PROPERTIES

The GERI Group has a landbank of approximately 2,639 hectares.

These land bank held for future development are strategically located in various parts of the country, but a large portion is located in Sta. Barbara in Iloilo, Boracay, Laurel and Nasugbu in Batangas, Southwoods, Laguna, Cagayan de Oro, Cavite, Antipolo, Rizal, and Cavinti, Laguna.

The inventory portfolio of the Company consists mainly of inventory also strategically located in various parts of the country but mainly in Iloilo, Boracay, Laurel in Batangas, Laguna, Cavite, Antipolo, Rizal, Pasig, and Las Piñas. Real estate and golf club and resort shares for sale and land held for future development are valued at the lower of cost or net realizable value in conformity with PAS 2 "Inventories". Cost includes the acquisition cost of the land plus all costs directly attributable to the acquisition for projects where the Company is the landowner, and includes actual development cost incurred up to balance sheet date for projects where the Company is the developer. Net realizable value is the selling price in the ordinary course of business less cost to complete and to market. A valuation allowance is provided for real estate and golf club and resort shares for sale and land held for future development when the net realizable values of the properties are less than the carrying costs.

The GERI Group has adequate land bank for its long-term development requirements. It is, however, open to new land acquisitions in strategic growth areas. Funding for these acquisitions will be internally generated.

In 2018, GERI Group adopted PIC Q&A 2018-11, Classification of Land by Real Estate Developer, retrospectively. PIC Q&A 2018-11 requires real estate developers to classify land based on management's intention and apply the appropriate accounting treatment as required by relevant standards. In previous years, land, including other costs and expenses related to the transfer of title of the property, were presented as Land for Future Development and only reclassified to Property Development Costs account (a real estate inventory account), when the development of the property starts. Upon the adoption of PIC Q&A 2018-11, parcels of land with no definite plan of future use were reclassified to Investment Property and parcels of land with intention by management to develop into residential or commercial properties for sale were reclassified to Real Estate for Sale.

The GERI Group has real estate inventories in its various developments including the following:

PROJECT NAME	LOCATION	LIMITATIONS ON OWNERSHIP	DEVELOPER
LUZON			
A. Metro Manila			
Alabang West	Las Piñas City	Joint Venture	GERI
The Fifth	Pasig City	Joint Venture	GERI
8 Sto. Domingo Place	Quezon City	Joint Venture	GEPI
Cathedral Heights	Quezon City	Joint Venture	GEPI/FEUDC

Capitol Plaza	Quezon City	Co-development	GEPI
B. <u>Laguna</u>			
Holland Park	Biñan, Laguna	Joint Venture	GERI
Tulip Gardens	Biñan, Laguna	Joint Venture	GERI
The Hamptons Caliraya	Cavinti, Laguna	Joint Venture	GERI
Caliraya Springs	Cavinti, Laguna	Joint Venture	GEPI
Riverina	San Pablo City	Joint Venture	GEPI
C. <u>Cavite</u>			
Arden Botanical Estate	Trece Martires City, Cavite	Joint Venture	GERI
Pahara at Southwoods	GMA, Cavite	Joint Venture	GERI
The Upland Estates	GMA, Cavite	Joint Venture	GERI
Holiday Homes	Gen. Trias, Cavite	Joint Venture	GEPI
Mango Orchard Plantation	Naic, Cavite	Joint Venture	GEPI
Manila Southwoods	Carmona and GMA Cavite	Joint Venture	GEGDI/GEPI
Sherwood Hills	Trece Martires City, Cavite	Joint Venture	GEPI/GERI
D. <u>Batangas</u>			
Domaine Le Jardin	Laurel, Batangas	None	Twin Lakes
Lucerne at Domaine Le Jardin	Laurel, Batangas	None	Twin Lakes
Vineyard Residences	Laurel, Batangas	None	Twin Lakes
The Belvedere	Laurel, Batangas	None	Twin Lakes
Vineyard Manor	Laurel, Batangas	None	Twin Lakes
Countrywoods	Laurel, Batangas	None	Twin Lakes
Magnificat Executive Village	Lipa, Batangas	Joint Venture	GEPI
Newport Hills	Lian, Batangas	Joint Venture	GEPI
Nasugbu Harbour Town	Nasugbu, Batangas	Joint Venture	GEPI
Residencia Lipa	Lipa, Batangas	Joint Venture	GEPI
Palmridge Point	Talisay, Batangas	Joint Venture	GEPI
Windsor Heights	Tagaytay	Joint Venture	GEPI
E. <u>Bulacan</u>			
Goldridge Estate	Guiguinto, Bulacan	Joint Venture	GEPI
Plaridel Heights	Plaridel, Bulacan	Joint Venture	GEPI
F. <u>Antipolo City</u>			
Eastland Heights	Antipolo City	Joint Venture	GEPI/GERI
G. <u>Naga City, Camarines Sur</u>			
Monte Cielo De Naga	Naga City	Joint Venture	GEPI
Monte Cielo De Peñafrancia	Naga City	Joint Venture	GEPI
H. <u>Quezon</u>			
Puerto Del Mar	Lucena City	Joint Venture	GEPI
VISAYAS			
I. <u>Malay, Aklan</u>			
Belmont Hotel Boracay	Malay, Aklan	None	GERI
Chancellor Hotel Boracay	Malay, Aklan	None	GERI
Newcoast Boutique Hotel	Malay, Aklan	Joint Venture	GERI/OPI
Newcoast Shophouse District	Malay, Aklan	Joint Venture	GERI/OPI
Newcoast Village	Malay, Aklan	None	OPI
Oceanway Residences	Malay, Aklan	None	GERI
Ocean Garden Villas	Malay, Aklan	None	GERI
Savoy Hotel Boracay	Malay, Aklan	None	GERI

Fairways & Bluewater	Boracay, Aklan	None	GEPI
J. Iloilo			
Sta. Barbara Heights Residential Estate (Phase 1, 2 & 3)	Sta. Barbara, Iloilo	Joint Venture	GERI
Sta. Barbara Heights Shophouse District	Sta. Barbara, Iloilo	Joint Venture	GERI
MINDANAO			
K. Cagayan De Oro			
Mountain Meadows	Cagayan De Oro	Joint Venture	GEPI

The GERI Group has hotel properties in Boracay and Laurel, Batangas as listed below:

A. Fairways and Bluewater Villas in Boracay, Malay, Aklan

B. Savoy Hotel Boracay in Boracay Newcoast, Malay, Aklan

C. Belmont Hotel Boracay in Boracay Newcoast, Malay, Aklan

D. Twin Lakes Hotel in Laurel, Batangas

The GERI Group has retail and office buildings for lease, as listed below:

BUILDING NAME	LOCATION
Alabang West Parade	Las Piñas City
Southwoods Mall	Biñan, Laguna
Southwoods Office Towers	Biñan, Laguna
Twin Lakes Shopping Village	Laurel, Batangas
Renaissance 1000 (Office Tower)	Pasig City
D’Olive	Antipolo City
Newcoast Beachwalk	Malay, Aklan

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are parties to certain lawsuits or claims arising from the ordinary course of business. The management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements, and thus, no provision has been made for these contingent liabilities.

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

Aside from the matters taken up during the Annual Meeting of Stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report, through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

Market price information

The common shares of the Company are traded on the Philippine Stock Exchange ("**PSE**") under the symbol of GERI.

	Philippine Stock Exchange	
	Closing Price per Share (₱) 0.95 as of December 31, 2023	
2024	**High**	**Low**
First Quarter	0.94	0.80
2023	**High**	**Low**
First Quarter	0.91	0.89
Second Quarter	0.89	0.84
Third Quarter	0.87	0.79
Fourth Quarter	0.95	0.80
2022	**High**	**Low**
First Quarter	0.94	0.89
Second Quarter	0.92	0.83
Third Quarter	0.96	0.84
Fourth Quarter	0.93	0.93
2021	**High**	**Low**
First Quarter	0.95	0.80
Second Quarter	0.90	0.81
Third Quarter	1.33	0.82
Fourth Quarter	1.00	0.81

The market capitalization of GERI as of 31 December 2023 based on the closing price at Php 0.95 per share of GERI's shares at that date, was approximately Php10.437 billion. The price information as of the close of the latest practicable trading date April 8, 2024 is Php 0.79 per share.

Stockholders

GERI has a total of about 4,152 common shareholders as of December 31, 2023.

TOP 20 STOCKHOLDERS AS OF DECEMBER 31, 2023

	STOCKHOLDER'S NAME	NO. OF SHARES	% OF OWNERSHIP
1	MEGAWORLD CORPORATION	9,035,638,139	82.247
2	PCD NOMINEE CORPORATION (FILIPINO)	1,459,320,767	13.283
3	PRYCE CORPORATION	212,834,000	1.937
4	PGI RETIREMENT FUND, INC	70,254,500	0.639
5	FIL-ESTATE MANAGEMENT INC.	38,000,159	0.346
6	F. YAP SECURITIES, INC.	32,947,000	0.300
7	JOSEFINA MULTI-VENTURES CORPORATION	22,682,500	0.206
8	PCD NOMINEE CORPORATION (FOREIGN)	20,147,342	0.183
9	GREENFIELD DEVELOPMENT CORPORATION	8,640,000	0.079
10	JOHN T. LAO	8,000,100	0.073
11	THE ANDRESONS GROUP INC.	8,000,000	0.073
12	LUCIO W. YAN	5,755,000	0.052
13	ROMEO G. ROXAS	3,716,000	0.034
14	AVESCO MARKETING	3,512,106	0.032
15	WILBUR L. CHAN	2,611,825	0.024
16	GILMORE PROPERTY MARKETING ASSOCIATES, INC.	1,983,000	0.018
17	FEDERAL HOMES, INC.	1,939,860	0.018
18	FRITZ L. DY	1,813,500	0.017
19	DYNALAND PROPERTIES & DEVELOPERS, INC.	1,700,001	0.015
20	MAXIMINO S. UY &/OR LIM HUE HUA	1,478,400	0.013

Dividends

With respect to dividend declaration, the Company is guided by the provisions of the Revised Corporation Code of the Philippines (RCCP) and relevant issuances of the Securities and Exchange Commission. Payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its capital unimpaired, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

The RCCP prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation.

The retained earnings account as of December 21, 2023 amounting to Php 17.7 billion, Php 16.0 billion in December 31, 2022, and Php 14.2 billion in December 31, 2021, and are restricted from being declared as dividends to the extent of the undistributed net earnings of subsidiaries and associates. In 2023, the Company declared and paid cash dividends amounting to P 124.1 million. No declaration of cash dividends was made in 2022 and 2021.

Recent Sales of Unregistered or Exempt Securities (including recent issuance of securities constituting an exempt transaction)

In 2011, the Board of Directors of the Company approved an Executive Stock Option Plan (ESOP). From 2012 to 2016, the Company granted the option to its key company directors and executives to subscribe to a total of 400 million shares of the Company. The ESOP expired on 16 June 2023. As of that time, none of the Option Holders exercised the options granted to them under the ESOP, and no underlying shares have been subscribed nor fully paid for by the Option Holders in connection therewith. Thus, as of 31 March 2024, no unexercised options remain valid under the ESOP.

No underwriters were involved in the sales of the above unregistered or exempt securities.

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

Key Performance Indicators

LIQUIDITY RATIOS

	December 31, 2023	December 31, 2022 as restated	January 1, 2022 as restated
Current Ratio	4.87	4.39	4.41
Quick Assets Ratio	1.83	1.70	1.72

Current Ratio (Current Assets/Current Liabilities)
Liquidity ratio that measures a company's ability to pay short-term obligations.

Quick Assets Ratio (Total Current Assets less Inventories and Other Current Assets/ Current Liabilities)
It measures a company's ability to meet its short-term obligations with its most liquid assets.

LEVERAGE OR LONG-RANGE SOLVENCY RATIOS

	December 31, 2023	December 31, 2022 as restated	January 1, 2022 as restated
Debt to Total Assets	35%	33%	33%
Equity to Total Assets	65%	67%	67%
Debt to Equity	54%	50%	50%
Asset to Equity	1.54	1.50	1.50

Debt to Total Assets
It shows the creditors' contribution to the total resources of the organization.

Equity to Total Assets
It shows the extent of owners' contribution to the total resources of the organization.

Debt to Equity
It relates the exposure of the creditors to that of the owners.

Asset to Equity (Total Assets/Total Owner's Equity)
It measures the company's leverage.

ACTIVITY RATIOS

	December 31, 2023	December 31, 2022 as restated	January 1, 2022 as restated
Assets Turnover	10.55%	10.31%	6.87%

Assets Turnover
It measures the level of capital investment relative to sales volume.

PROFITABILITY RATIOS

	December 31, 2023	December 31, 2022 as restated	January 1, 2022 as restated
Return on Equity	5.63%	5.80%	4.47%
Return on Assets	3.55%	3.75%	2.86%
Earnings per Share	₱ 0.168	₱ 0.163	₱ 0.119

Return on Equity (Net Income Attributable to Parent Company's shareholders/Average Equity Attributable to Parent Company's shareholders)
It tests the productivity of the owners' investments.

Return on Assets (Net Income/Average Total Assets)
This ratio indicates how profitable a company is relative to its total assets.

Earnings per Share (EPS)
It indicates the earnings for each of the common shares held.

INTEREST COVERAGE RATIO

	December 31, 2023	December 31, 2022 as restated	January 1, 2022 as restated
Interest Coverage	₱6.29	₱8.28	₱7.52

Interest Coverage Ratio (Earnings before Interest and Income Tax/Interest Expense)
It measures how easily a company can pay interest on an outstanding debt.

Others

As of the year ended December 31, 2023, there are no material events and uncertainties known to management that would have an impact on the future operations such as:

a. Known trends, demands, commitments, events or uncertainties that would have an impact on the Company;
b. Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;
c. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income from continuing operations;
d. Significant elements of income or loss that did not arise from the Company's continuing operations;
e. Causes for any material changes from period to period in one or more line item of the Company's financial operations;
f. Seasonal aspects that had a material effect on the financial condition or results of the operations;

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Management's Discussion and Analysis of Results of Operations and Financial Conditions

Review for the year ended December 31, 2023

Results of Operations

For the year ended December 31, 2023 the Group's consolidated net income amounted to Php 2.11 billion, a 1% increase from the December 31, 2022 net income of Php 2.09 billion.

Consolidated total revenues amounted to Php 8.34 billion. The bulk of revenues came from real estate sales, hotel operations, rental income, and service income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Southwoods City, Alabang West Commercial in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal, Lindgren at Arden

Botanical Estate in Trece Martires City, Cavite and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay and Holland Park and Tulip Gardens in Southwoods City.

Total cost and expenses as of December 2023 amounted to Php 6.23 billion, an increase of 19% from Php 5.24 billion as of December 2022, mainly due to increase in cost of real estate sales, hotel operations, rentals and services and tax expense.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php 61.7 billion as of December 31, 2023 compared to Php 57.2 billion as of December 31, 2022 posted an increase of Php 4.5 billion or 8%.

Cash and cash equivalents decreased by 10% mainly due to payment to contractors and suppliers for the ongoing development of various projects, from Php 2.4 billion as of December 2022 to Php 2.1 billion as of December 2023. Trade and other receivables increased by 17% due to installment sales booked for the year, from Php 11.8 billion as of December 2022 to Php 13.8 billion as of December 2023. Contract assets increased by 29%, from Php 4.5 billion as of December 2022 to Php 5.8 billion as of December 2023 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Inventories increased by 6% mainly due to increase in completion of various projects under construction, from Php 20.0 billion as of December 31, 2022 to Php 21.2 billion as of December 31, 2023. Advances to related parties decreased by 16% due to collection from related parties. Right-of-use asset decreased by 26% due to amortization for the period. Other current and non-current assets increased by 14% mainly due to Advances to contractors and suppliers, from Php 4.1 billion as of December 31, 2022 to Php 4.7 billion as of December 31, 2023.

Trade and other payables increased by 13% mainly due to increase in payables to contractors and suppliers, from Php 4.1 billion as of December 31, 2022 to Php 4.6 billion as of December 31, 2023. Interest-bearing loans and borrowings increased by 25% from Php 7.6 billion as of December 31, 2022 to Php 9.5 billion as of December 31, 2023 due to availment of new interest-bearing loans. Due to joint venture partners increased by 28% from Php 386.7 million as of December 31, 2022 to Php 493.2 million as of December 31, 2023 due to increase in collection of sales of projects with joint venture partners. Advances from related parties decreased by 19% due to payment to related parties. Customer's deposit decreased by 17% due to installment sales recognized for the period, from Php 1.5 billion as of December 2022 to Php 1.2 billion as of December 31, 2023. Retirement benefit obligation increased by 29% due to increase in accrual of retirement benefit. Deferred tax liability increased by 23% due to increase in taxable temporary difference, from Php 2.7 billion as of December 31, 2022 to Php 3.3 billion as December 31, 2023. Lease liabilities decreased by 7% from Php 442.8 million as of December 31, 2022 to Php 410.4 million as of December 31, 2023 due to end of a lease contract.

Shareholders' Equity increased from Php 38.2 billion to Php 39.9 billion mainly due to net income for the year.

Material Changes in the Statements of Final Position for the year ended December 31, 2023
(Increase/decrease of 5% or more versus December 31, 2022 as restated)

- 10% decrease in Cash and cash equivalents – due to payment to contractors and suppliers for the ongoing development of various projects.
- 17% increase in Trade and other receivables – due to increase in installment sales booked for the year.
- 29% increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 6% increase in Inventories – mainly due to increase in completion of various projects under construction.
- 16% decrease in Advances to related parties – due to collection from related parties.
- 26% decrease in Right of use-asset – due to amortization for the period.
- 14% increase in Other current and non-current assets – due to Advances to contractors and suppliers.
- 13% increase in Trade and other payables – mainly due increase in payables to contractors and suppliers.
- 25% increase in Interest-bearing loans and borrowings – due to availment of new interest-bearing loans.
- 28% increase in Due to joint venture partners – due to increase in collection of sales with joint venture partners.
- 19% decrease in Advances from related parties – due to payments made to related parties.
- 17% decrease in Customer’s deposit – due to installment sales recognized for the period.
- 29% increase in Retirement benefit obligation – due to increase in accrual of retirement benefit.
- 23% increase in Deferred tax liability – due to increase in taxable temporary difference.
- 7% decrease in Lease liability – due to end of a lease contract.

Material Changes in the Statements of Comprehensive Income the year ended December 31, 2023
(Increase/decrease of 5% or more versus December 31, 2022)

- 10% increase in Real estate sales – mainly due to increase in real estate sales recognized for the period.
- 21% increase in Rental income – due to increase in occupancy rate and tenant sales for the period.
- 35% increase in Hotel Operations – mainly due to increase in occupancy rate and the continuous rise of tourism and travel.
- 38% increase in Service Income – due to higher service income for the year.
- 6% increase in Marketing fees – due to increase in marketing income from sale of joint venture partners’ inventory.

- 29% increase in Finance and other income – due to increase in interest income on real estate sales and in other income.
- 31% increase in Cost of real estate sales – mainly due to increase in real estate sales for the year.
- 15% increase in Cost of rentals and services – mainly directly related to increase in rental and service income.
- 55% increase in Cost of hotel operations – directly related to increase in hotel revenue.
- 6% increase in Operating expenses – mainly due to increase in expenses directly related to increase in revenue such as commission, expenses related to hotel operations and other administrative expenses.
- 6% decrease in Finance cost and other charges – due to decrease in other finance charges.
- 17% increase on Income tax expense – due to increase in taxable income.

<u>Review for the year ended December 31, 2022 as restated</u>

Results of Operations

For the year ended December 31, 2022 the Group's consolidated net income amounted to Php 2.09 billion, a 40% increase from the December 31, 2021 net income of Php 1.49 billion.

Consolidated total revenues amounted to Php 7.33 billion. The bulk of revenues came from real estate sales, rental income, hotel operations, and service income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Ecocentrum Business Park and Pahara at Southwoods City, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Southwoods City and Vineyard Residences, The Belvedere and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses as of December 2022 amounted to Php 5.24 billion, an increase of 50% from Php 3.49 billion as of December 2021, mainly due to increase in cost of real estate sales, hotel operations, operating expenses and tax expense.

Financial Condition
(Comparing balances as of December 31, 2022 as restated and as of January 1, 2022 as restated)

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php 57.2 billion as of December 31, 2022 as restated compared to Php 54.1 billion as of January 1, 2022 as restated posted an increase of Php 3.2 billion or 6%.

Cash and cash equivalents decreased by 40% mainly due to payment to contractors and suppliers for the ongoing development of various projects, from Php 3.9 billion as of January 1, 2022 as restated to Php 2.4 billion as of December 31, 2022 as restated. Trade and other receivables increased by 17% due to installment sales booked for the year, from Php 10.1 billion as of January 1, 2022 as restated to Php11.8 billion as of December 31, 2022 as restated. Contract assets increased by 43%, from Php 3.1 billion as of January 1, 2022 as restated to Php 4.5 billion as of December 31, 2022 as restated due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Inventories increased by 6% mainly due to increase in completion of various projects under construction, from Php 18.9 billion as of January 1, 2022 as restated to Php 20.0 billion as of December 31, 2022 as restated. Advances to related parties decreased by 6% due to collection from related parties. Right-of-use asset decreased by 23% due to amortization for the period. Other current and non-current assets increased by 20% mainly due to Advances to contractors and suppliers, from Php 3.4 billion as of January 1, 2022 as restated to Php 4.1 billion as of December 31, 2022 as restated.

Trade and other payables increased by 13% mainly due to increase in payables to contractors and suppliers, from Php 3.6 billion as of January 1, 2022 as restated to Php 4.1 billion as of December 31, 2022 as restated. Contract liabilities increased by 20% due to increase in sales from uncompleted projects with lower percentage of completion than percentage of collection. Redeemable preferred shares decreased by 100% due to redemption of shares. Customer's deposit increased by 14% due to collection from existing buyers and new reservations sales, from Php 1.3 billion as of January 1, 2022 as restated to Php 1.5 billion as of December 31, 2022 as restated. Retirement benefit obligation decreased by 13% due to decrease in accrual of retirement benefit. Deferred tax liability increased by 25% due to increase in taxable temporary difference, from Php 2.1 billion as of January 1, 2022 as restated to Php 2.7 billion as December 31, 2022 as restated. Lease liabilities decreased by 6% due to amortization for the period. Other non-current liabilities decreased by 14% from Php 597.8 million as of January 1, 2022 as restated to Php 513.1 million as of December 31, 2022 as restated mainly due to presentation of current retention payable to current liability.

Shareholders' Equity increased from Php 36.1 billion to Php 38.2 billion mainly due to net income for the year.

Material Changes in the Statements of Final Position for the year ended December 31, 2022 as restated
(Increase/decrease of 5% or more versus January 1, 2022 as restated)

- 40% decrease in Cash and cash equivalents – due to payment to contractors and suppliers for the ongoing development of various projects.
- 17% increase in Trade and other receivables – due to installment sales booked for the year.
- 43% increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 6% decrease in Advances to related parties – due to collection from related parties.

- 6% increase in Inventories – due to to increase in completion of various projects under construction.
- 23% decrease in Right of use-asset – due to amortization for the period.
- 20% increase in Other current and non-current assets – due to Advances to contractors and suppliers.
- 13% increase in Trade and other payables – mainly due increase in payables to contractors and suppliers.
- 20% increase in Contract liabilities – due to increase in sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 100% decrease in Redeemable preferred shares – due to redemption of shares.
- 14% increase in Customer’s deposit – due to collection from existing buyers and new reservations sales.
- 13% decrease in Retirement benefit obligation – due to decrease in accrual of retirement benefit.
- 25% increase in Deferred tax liability – due to increase in taxable temporary difference.
- 6% decrease in Lease liability – due to amortization for the period.
- 14% decrease in other non-current liability – mainly due to presentation of current retention payable to current liability.

Material Changes in the Statements of Comprehensive Income the year ended December 31, 2022
(Increase/decrease of 5% or more versus December 31, 2021)

- 59% increase in Real estate sales – mainly due to increase in real estate sales recognized for the period.
- 12% increase in Rental income – due to increase in occupancy rate.
- 188% increase in Hotel Operations – mainly due to increase in occupancy rate as the result lifting of travel bans.
- 5% increase in Service Income – due to higher service income for the year.
- 54% decrease in Marketing fees – due to decrease in marketing income from sale of lots of joint venture partner.
- 20% decrease in Finance and other income – due to decrease in other income.
- 32% increase in Cost of real estate sales – mainly due to increase in real estate sales for the year.
- 7% decrease in Cost of rentals and services – mainly due to decrease of cost of services.
- 153% increase in Cost of hotel operations – directly related to increase in hotel revenue.
- 43% increase in Operating expenses – mainly due to increase in expenses directly related to increase in revenue such as commission, expenses related to hotel operations and other administrative expenses.
- 60% decrease in Equity share in net losses of associates – due to decrease in net loss of associate recognized for the year.

- 78% increase in Finance cost and other charges – due to increase in other charges.
- 297% increase on Income tax expense – due to increase in taxable income.

<u>Review for the year ended December 31, 2021</u>

Results of Operations

For the year ended December 31, 2021 the Group's consolidated net income amounted to Php 1.49 billion, a 15% increase from the December 31, 2020 net income of Php 1.30 billion.

Consolidated total revenues amounted to Php 4.99 billion. The bulk of revenues came from real estate sales, rental income, service income, and finance and other income. The Group's registered sales came from sale of lots in Newcoast Village in Malay, Aklan, Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Southwoods City, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal and sale of condominium units in Oceanway Residences One, Ocean Garden Villas, Savoy Hotel, Belmont Hotel and Chancellor Hotel in Boracay, Holland Park and Tulip Gardens in Southwoods City and Vineyard Residences and The Manor in Twin Lakes, Tagaytay.

Total cost and expenses as of December 2021 amounted to Php 3.49 billion, a decrease of 10% from Php 3.89 billion as of December 2020, mainly due to decrease in cost of hotel operations, operating expenses and tax expense.

Financial Condition

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php 54.1 billion as of December 31, 2021 compared to Php 50.6 billion as of December 31, 2020 posted an increase of Php 3.6 billion or 7%.

Cash and cash equivalents increased by 76% mainly due to additional Interest-bearing loans and borrowings, from Php 2.2 billion as of December 2020 to Php 3.9 billion as of December 2021. Trade and other receivables increased by 10% due to installment sales booked for the year, from Php 9.2 billion as of December 2020 to Php 10.1 billion as of December 2021. Contract assets increased by 13%, from Php 2.8 billion as of December 2020 to Php 3.1 billion as of December 2021 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Right-of-use asset increased by 17% due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City.

Interest bearing loans and borrowings increased by 41% or Php 2.16 billion as of December 2021 as compared to December 2020 due to availment of new interest-bearing loans. Trade and other payables increased by 8% mainly due to increase in payables to contractors and suppliers. Contract liabilities decreased by 5% due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection. Advances from related parties decreased by 7% from Php 916 million as of December 2020 to Php 850.5 million as of December 2021 due to payments made to related parties. Redeemable preferred shares decreased by 50% due to redemption of shares. Lease liabilities increased by 11% from Php 473.6 million in December 2020 to Php 527 million in December 2021 due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City. Other non-current liabilities decreased from Php 731 million to Php 598 million mainly due to presentation of portion of retention payable to current liability.

Shareholders' Equity increased from Php 34.5 billion to Php 36 billion mainly due to net income for the year.

Material Changes in the Statements of Final Position for the year ended December 31, 2021
(Increase/decrease of 5% or more versus December 31, 2020)

- 76% increase in Cash and cash equivalents – due to additional Interest-bearing loans and borrowings.
- 10% increase in Trade and other receivables – due to installment sales booked for the year.
- 13% increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 17% increase in Right of use-asset – due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City.
- 41% increase in Interest-bearing loans and borrowings – due to availment of new interest-bearing loans.
- 8% increase in Trade and other payables – mainly due increase in payables to contractors and suppliers.
- 5% decrease in Contract liabilities – due to decrease in sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 7% decrease in Advances from related parties – due to payments made to related parties.
- 50% decrease in Redeemable preferred shares – due to redemption of shares.
- 11% increase in Lease liabilities – due to new lease for our office in Commerce and Industry Plaza in McKinley Hill, Taguig City.
- 18% decrease in other non-current liability – mainly due to presentation of portion of retention payable to current liability.

Material Changes in the Statements of Comprehensive Income the year ended December 31, 2021
(Increase/decrease of 5% or more versus December 31, 2020)

- 34% decrease in Rental income – due to decrease in occupancy rate, rent concessions and lower foot traffic upon reopening.
- 27% decrease in Hotel Operations – mainly due to travel bans and limited hotel operations in accordance with quarantine guidelines.
- 6% increase in Service Income – due to higher service income for the year.
- 53% decrease in Marketing fees – due to decrease in marketing income from sale of lots of joint venture partner.

- 35% increase in Finance and other income – due to increase in other income.
- 6% increase in Cost of real estate sales – mainly due to increase in real estate sales for the year.
- 9% increase in Cost of rentals and services – mainly due to increase in service income.
- 33% decrease in Cost of hotel operations – directly related to decrease in hotel revenue.
- 7% decrease in Operating expenses – mainly due to decrease in expenses directly related to decrease in revenue and the Group's implementation of cost reduction measures.
- 394% increase in Equity share in net losses of associates – due to increase in net loss of associate recognized for the year.
- 41% increase in Finance cost and other charges – due to increase in other charges.
- 73% decrease on Income tax expense – due to lower tax rate because of CREATE law.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2023, 31 December 2022, and 31 December 2021 of the Company are incorporated herein duly signed by the external auditors.

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

Independent Public Accountants

The Company's Board of Directors and Stockholders, upon the recommendation of the audit committee approved, on 3 July 2023, the designation of Punongbayan and Araullo as the external auditor for the audit of the financial statements of the Company for the year ending 31 December 2023. For the years 2016 to 2022, the handling partner has been Mr. Renan Piamonte, an Audit and Assurance partner of Punongbayan and Araullo. Starting year 2023, the handling partner is Mr. Edcel U. Costales, an Audit and Assurance partner of Punongbayan and Araullo.

Changes in Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company at its subsidiaries.

External Audit Fees and Services

For the audit of the Company's financial statements and services that are normally provided by the external auditors in connection with statutory and regulatory filings for the calendar year reports of 2023, 2022, and 2021, the fee was approximately Php 1.95 million, Php 1.73 million, and Php 1.68 million, respectively.

The external auditors rendered no other assurance and related services to the Company other than the items discussed above.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

Conformably with the Company's By-Laws and Manual on Corporate Governance, the Company has nine (9) directors, two (2) of whom are independent directors. All the incumbent directors, whose qualifications were evaluated by the Corporate Governance Committee, were elected during the Annual Stockholders' Meeting held on July 3, 2023.

The name, age, citizenship and position of the directors and officers of the of the Company as of December 31, 2023 are set forth in the table below:

Directors

Name	Age	Citizenship	Position
Andrew L. Tan	74	Filipino	Chairman & CEO
Lourdes T. Gutierrez-Alfonso	60	Filipino	Managing Director
Monica T. Salomon	55	Filipino	President
Kevin Andrew L. Tan	44	Filipino	Director
Ferdinand T. Santos	73	Filipino	Director
Wilbur L. Chan	64	Filipino	Director for Clubs and Hotels
Giancarlo C. Ng	46	Filipino	Director
Jesus B. Varela	67	Filipino	Lead Independent Director
Cresencio P. Aquino	70	Filipino	Independent Director

Officers

Name	Age	Citizenship	Position
Lailani V. Villanueva	44	Filipino	Chief Finance Officer/Treasurer, Compliance Officer, Corporate Information Officer
Marie Emelyn Gertrudes C. Martinez	59	Filipino	EVP, Head of Legal
Karen B. Maderazo	45	Filipino	FVP, Head of Human Resources, Corporate Services and Real Estate Management
Felipe L. Mangubat Jr.	58	Filipino	VP, Head of Operations Management
Kirk P. Abot	54	Filipino	VP, Head of Planning and Design
Michael R. Roxas	45	Filipino	Senior Assistant Vice President, Internal Audit and Risk Management
Maria Carla T. Uykim	47	Filipino	Corporate Secretary and Assistant Corporate Information Officer
Nelileen S. Baxa	45	Filipino	Asst. Corporate Secretary

Detailed information of the abovementioned directors including their directorships for the past five (5) years, as well as information relative to the officers are discussed below:

Board of Directors

ANDREW L. TAN, Filipino, 74 years old, was first elected as Chairman of the Board and Chief Executive Officer of the Company on 12 January 2011. Dr. Tan serves as Chairman of the Board of Alliance Global Group, Inc. (AGI) which has interests in the food and beverage business, real estate, tourism-entertainment and gaming, quick-service restaurant business and infrastructure development. Dr. Tan is the founder of the Company's parent company, Megaworld Corporation and has served as its Chairman and President since its incorporation in 1989. He pioneered the live-work-play-learn model in real estate development through Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He embarked on the development of integrated tourism and leisure estates through the Company and is Chairman of the Company's subsidiaries Twin Lakes Corporation, Southwoods Mall, Inc. and Oceanfront Properties, Inc. Mr. Tan is also Chairman of Megaworld subsidiaries Empire East Land Holdings, Inc. , a publicly-listed company, and Suntrust Properties, Inc., and AGI's brandy subsidiary, Emperador, Inc., which is also a publicly-listed company. He is a director of Travellers International Hotel Group, Inc., which owns Newport World Resorts, and Golden Arches Development Corporation – a strategic partnership between AGI and George Yang Group – the master franchise holder of the McDonald's brand in the Philippines. Dr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science in Business Administration. In 2011, Dr. Tan was conferred by the University of the East the Degree of Doctor of Humanities, honoris causa.

LOURDES T. GUTIERREZ-ALFONSO, 60 years old**,** was first elected as Director of the Company on 30 June 2011. Effective 01 March 2015, she was appointed as the Company's Managing Director to oversee the Company's business performance and lead in the formulation of overall strategic direction, plans, and policies for the Company. She is currently the Chief Operating Officer of publicly-listed Megaworld Corporation and is a member of Megaworld's Management Executive Committee. She is currently the Chairman of First Oceanic Property Management, Inc., Belmont Newport Luxury Hotels, Inc., Megaworld Global Estate, Inc., and Savoy Hotel Manila, Inc. She serves as director in numerous affiliate companies including Suntrust Properties, IncMegaworld Cebu Properties, Inc., Megaworld Resort Estates, Inc., Megaworld Oceantown Properties, Inc., Prestige Hotels & Resorts, Inc., Twin Lakes Corporation, and Southwoods Mall,, Inc.. She is also a trustee and Corporate Secretary of Megaworld Foundation, Inc. Ms. Alfonso is a certified public accountant by profession and graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting.

MONICA T. SALOMON, 55 years old, has served as Director, President, and Chief Operating Officer of the Company since 01 March 2015. Prior to joining GERI, she was Head of Megaworld's Corporate Management Division and spearheaded strategic real estate acquisitions and joint ventures for the Megaworld Group. She was also a member of Megaworld's Management Executive Committee, which is responsible for the development and execution of the Group's corporate strategies, policies and initiatives. She is Director and President of Global Estate Properties, Inc., Megaworld Global Estates, Inc., Southwoods Mall, Inc. and Southwoods Ecocentrum Corporation. She is also a director of Twin Lakes Corporation. She also holds position in various Megaworld subsidiaries: Director and President of Twin Lakes Hotel, Inc. and Director and Corporate Secretary of the Luxury Global Hotels and Leisure, Inc., Belmont Hotel Boracay, Inc., Savoy Hotel Boracay, Inc., and Director and CFO of Megaworld Foundation, Inc. She obtained her Bachelor of Laws degree in 1994 from the University of the Philippines.

KEVIN ANDREW L. TAN, 44 years old, was elected as Director of the Company on 26 June 2014. He is the Chief Executive Officer and Vice Chairman of Alliance Global Group;and Executive Vice President and Chief Strategy Officer of Megaworld Corporation; and director of Emperador Inc. and Empire East Land Holdings, Inc., all publicly-listed companies. He is also a director of various companies in the Alliance Global Group including Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., Southwoods Ecocentrum Corp., Twin Lakes Corporation, and Southwoods Mall, Inc., Belmont Hotel Boracay, Inc., and Twin Lakes Hotel, Inc. He has extensive experience in retail leasing, marketing, and operations having previously held the position of Senior Vice President for Commercial Division which markets and operates the Megaworld Lifestyle Malls including but not limited to Eastwood Mall, Venice Piazza at McKinly Hill, Newport Mall, Lucky Chinatown Mall and Uptown Mall. He is also the Chairman of the Megaworld Foundation, Inc. Mr. Tan holds a bachelor's degree in Business Administration major in Management, from the University of Asia and the Pacific.

FERDINAND T. SANTOS, Filipino, 73 years old, was elected as Director of the Company since its incorporation in 1994. He served as the Company's President until his retirement on 28 February 2015. He is also the President of Fil-Estate Management Inc., Fil-Estate Development Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., Newport Hills Golf Club, Inc., St. Benedict Realty & Development Inc., Royal Jade Memorial Inc., and Mt. Zion Memorial, Inc. He graduated from Arellano University with Bachelor of Arts degree in 1970 and took his Bachelor of Laws at San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar (2nd Place).

WILBUR L. CHAN, Filipino, 64 years old, was first elected as Director of the Company on 12 January 2011. He also serves as Director for Hotels and Clubs and is currently the Chairman of Fairways & Bluewater Resorts Golf & Country Club, Inc. and Fil-Estate Urban Development Corporation. He is also a director in Southwoods Ecocentrum Corporation and Uni-Asia Properties, Inc. He has a Master's Degree in Business Management from the Asian Institute of Management, a Master's Degree in National Security Administration (Silver Medalist) from the National Defense College of the Philippines and a Degree in Command & General Staff Course at Command & General Staff College.

GIANCARLO C. NG, 46 years old, was first elected as Director of the Company on 28 August 2020. He is the Vice-President of Progreen Agricorp, Inc. He has 20 years of leadership roles in the areas of Information Technology consulting, customer support, pre-sales engineering, and global business development. He is experienced in strategic and tactical planning, client relationship management, corporate governance, and change management. Mr. Ng holds a Bachelor of Arts in Humanities and a degree of Master of Science in Information Technology, having graduated Magna Cum Laude in 2000 from the University of Asia and the Pacific.

JESUS B. VARELA, Filipino, 67 years old, was elected as Lead Independent Director on 30 June 2016. He is also a Lead Independent Director of various publicly-listed/public companies, namely Megaworld Corporation, MREIT, Inc., Travellers International Hotel Group, Inc., and Suntrust Resorts Holdings. He is also Director General of the Intern before April 30, 2024.National Chamber of Commerce Philippines, a Board Regent of Unibersided de Manila, columnist at the Philippine Daily Tribune and President of the Erehwon Art Foundation. Mr. Valera has extensive experience in the fields of marketing, human resources, international labor affairs, commerce and agriculture, among others. He was formerly Chairman and Acting CEO of GS1 Philippines, Director pf PCCI and Vice President of the Employers Confederation of the Philippines. He has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri-Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He also served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University. He attended training courses in Labor

Administration and Policy Formulation under the International Labor Organization/ARPLA program, the Corporate Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar, and other in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines. Mr. Valera graduated with an Economics degree in 1979 from Ateneo de Manila University.

CRESENCIO P. AQUINO, Filipino, 70 years old, was elected as Independent Director of the Company on 15 February 2018, He is also an independent director in the publicly listed companies, Megaworld Corporation and Empire East Land Holdings, Inc. and Managing Partner of The Law Firm of CP Aquino & Partners. Atty. Aquino has extensive experience in both the public and private sectors as follows: Director of Clark Development Corporation from 2012 to 2016, Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, member of the Board of Directors of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, Executive Director of the Department of Interior and Local Government (DILG) from 1998 to 1992, and Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus and the Lawyers League of the Philippines. He is a graduate of San Sebastian College Manila with degrees in Bachelor of Arts and Bachelor of Laws.

Key Executive Officers (other than those presented above under "Directors")

LAILANI V. VILLANUEVA, Filipino, 44 years old, is the Chief Finance Officer, Compliance Officer and Treasurer of the Company. She is a Certified Public Accountant with over 24 years of experience in accounting and finance. Prior to joining the Company, she was Senior Accounting Manager for Megaworld Corporation from 2007 until 2010. In 2011, she joined Global-Estate Resorts, Inc. as Comptroller. She concurrently holds the position of Director and Treasurer in various companies, including but not limited to Global Estates Properties, Inc., Global-Estate Golf and Development, Inc., Southwoods Mall, Inc., and Megaworld Global-Estates, Inc. She is also a Director and Chief Finance Officer of Southwoods Ecocentrum Corporation and Chief Finance Officer of Fairways and Bluewater Resort Golf and Country Club, Inc. Ms. Villanueva obtained her bachelor's degree in Accountancy from the College of the Immaculate Concepcion.

MARIE EMELYN GERTRUDES C. MARTINEZ, Filipino, 59 years old, is the Company's Executive Vice President for Legal. She is also the Corporate Secretary of various companies: Fil-Estate Golf and Development, Inc., Fil-Estate Urban and Development, Inc., Fairways and Bluewater Resort Golf and Country Club, Inc., Newport Hills Golf Club, and Boracay Newcoast Federation, Inc. Before joining GERI, she was the Chief of Staff of the Office of COMELEC Commissioner Augusto C.

Lagman. She was a Partner in Ponce Enrile Reyes & Manalastas (PECABAR) Law Offices and in Nisce Mamuric Guinto Rivera & Alcantara Law Offices. She was admitted to the Bar in 1991 after obtaining her Bachelor of Laws degree from the University of the Philippines and her Bachelor of Arts major in Economics from the same university.

KAREN B. MADERAZO, Filipino, 45 years old, is the First Vice President and Head of the Company's Human Resources, Corporate Services and Real Estate Management Division. She joined the Company on 1 October 2013. Ms. Maderazo served as the Senior Manager for Human Resources Division of Megaworld Corporation from May 2005 to September 2013. She also worked for Suyen Corporation from June 2003 to February 2005 as Training Specialist of the Personnel Department. She graduated from Centro Escolar University with a bachelor's degree in Science in Psychology. She pursued graduate studies in Psychology at the Centro Escolar University.

FELIPE L. MANGUBAT, JR., Filipino, 58 years old, was appointed Vice President and Head of Operations Management of the Company in January 2020. A civil engineer by profession, he has extensive experience in project development, having managed various residential, commercial, institutional and industrial projects in the Philippines and in the Middle East Prior to his appointment, he served as Project Development Head of the Company's Boracay Newcoast and Twin Lakes projects.

KIRK P. ABOT, Filipino, 54 years old, was appointed Vice President and Head of Planning and Design of the Company in September 2021, composed of Land Use Planning and Design, Surveying, Land Development Engineering, Engineering MEPF, Landscape and Agri-tourism, Architecture and Interior Design – previously headed by him, and Regulatory Compliance. An architect by profession, he is a graduate of the Mapua Institute of Technology and ranked in the top 10 of the architectural licensure examinees in 1994. Prior to GERI, he had 21 years of experience and expertise from Megaworld Corporation, where he headed the Building Architectural group of the Architectural and Planning Department, handling BPO and office projects.

MICHAEL R. ROXAS, Filipino, 45 years old, is currently the Senior Assistant Vice President, Internal Audit and Risk Management. Before joining GERI, he was the head of Risk Management & Insurance Division of Makati Development Corporation (MDC), a wholly owned subsidiary and the construction arm of Ayala Land, Inc. During his time in MDC, he championed several initiatives for MDC such as documentation and improvement of MDC's systems and procedures, establishment of the Enterprise-wide Risk Management program, development of Business Continuity Management, and Lean Construction. He has a dynamic 20-year management career in auditing, assurance and consultancy in real estate, retail, manufacturing and telecommunications companies. He performed financial, operations and compliance audits including business process, project management, continuous monitoring, process mapping, and fraud investigation. He has a Master's Degree in Business Administration from the Pamantasan ng Lungsod ng Maynila. He is a Certified Lead Auditor for ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System. Mike is certified in Safety Program Audit, Loss Control Management and Construction Occupational Safety and Health (COSH). He also obtained the Certified Internal Control Auditor (CICA) title in February 2019. He is a member of the Institute of Internal Auditors – Philippines (IIA-P) since 2009.

MARIA CARLA T. UYKIM, 47 years old, Filipino, is the Corporate Secretary and Assistant Corporate Information Officer of the Company. She is also the Corporate Secretary of Megaworld San Vicente Coast, Inc., Northwin Properties, Inc., and Maple Grove Land, Inc., and a Director and Corporate Secretary of Luxury Global Malls, Inc. and Mactan Oceanview Properties and Holdings. Inc. She is currently the Head of the Corporate Advisory and Compliance Division of Megaworld Corporation and is a member of the Management Executive Committee. Prior to joining Megaworld Corporation, Atty. Uykim was an Associate at Andres Marcelo Padernal Guerrero and Paras law offices from August 2005 to April 2007, where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004, where she practiced immigration law. She also served as Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. She obtained her Juris Doctor Degree from the Ateneo De Manila School of Law and is a graduate of the double degree program of De La Salle University, with a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management.

NELILEEN S. BAXA, Filipino, 45 years old, is the Assistant Corporate Secretary of the Company. She is also currently a Senior Accounting Manager of Megaworld Corporation and the Corporate Secretary and Corporate Information Officer of Suntrust Resort Holding, Inc, and Assistant Corporate Secretary of Alliance Global Group, Inc. and Suntrust Properties, Inc. Ms. Baxa concurrently serves as a Director of Bordeaux Properties, Inc., Langham Properties, Inc., Rowenta International, Inc. and Venetian Properties, Inc. She is a certified public accountant with over eighteen (18) years of experience in the fields of accounting and finance. Ms. Baxa obtained her Bachelor's Degree in Accountancy from the University of Sto. Tomas.

Significant Employees

While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman Andrew L. Tan is the father of Director Kevin Andrew L. Tan.

Involvement in Certain Legal Proceedings (over the past 5 years)

The Company has no knowledge of any of the following events that occurred during the past five (5) years up to the date of this report, which are material to an evaluation of the ability or integrity of any director or executive officer:

a. None of them has been involved in any bankruptcy petition.

b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding both domestic and foreign.

c. None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily, enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the commission or comparable foreign body or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

ITEM 10. EXECUTIVE COMPENSATION

KEY EXECUTIVE OFFICERS

NAME	POSITION	YEAR	SALARY	Other Annual Compensation
A. Five Most Highly Compensated Officers Monica T. Salomon Wilbur L. Chan Emelyn C. Martinez Felipe L. Mangubat, Jr. Lailani V. Villanueva B. All other officers and directors as a group unnamed	 President Director for Hotels and Clubs EVP-Legal Head of Operations Management Chief Finance Officer	Estimate 2024	25.0 Million 40.2 Million	5.3 Million 8.3 Million
A. Five Most Highly Compensated Officers Monica T. Salomon Wilbur L. Chan Emelyn C. Martinez Felipe L. Mangubat, Jr. Lailani V. Villanueva B. All other officers and directors as a group unnamed	 President Director for Hotels and Clubs EVP-Legal Head of Operations Management Chief Finance Officer	2023	23.3 Million 37.9 Million	4.9 Million 7.8 Million

NAME	POSITION	YEAR	SALARY	Other Annual Compensation
A. Five Most Highly Compensated Officers		2022	22.5 Million	4.1 Million
Monica T. Salomon	President			
Wilbur L. Chan	Director for Hotels and Clubs			
Emelyn C. Martinez	EVP-Legal			
Felipe L. Mangubat, Jr.	Head of Operations Management			
Lailani V. Villanueva	Chief Finance Officer			
B. All other officers and directors as a group unnamed			24.7 Million	4.2 Million

The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top five highly compensated executives amounted to Php 28.2 million in 2023, and Php 26.6 million in 2022. The projected total annual compensation for the current year is Php 30.3 million.

The total annual compensation paid to all senior personnel from AVP and up are all payable in cash. The total annual compensation includes the basic salary and 13th month pay.

The Company has no other arrangement with regard to the remuneration of its existing officers aside from the compensation received as herein stated.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The Directors receive reasonable per diem.

On 23 September 2011, the Board of Directors of the Company approved an Executive Stock Option Plan and this was approved on 8 November 2011 by stockholders holding at least 2/3 of the outstanding capital stock. The purpose of the Plan is to enable the key Company executives, directors and senior officers who are largely responsible for its further growth and development to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The Plan is being administered by the Corporate Governance Committee of the Board.

Under the Plan, the Company shall initially reserve for exercise of stock options up to 500 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Stock options may be granted within ten (10) years from the adoption of the Plan and may be exercised within seven (7) years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for twelve (12) months immediately preceding the date of grant. The options shall vest within three (3) years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three (3) year period. The Company shall receive cash for the stock options.

Pursuant to this ESOP, on 16 February 2012, the Company granted the option to its key company directors and executives to subscribe to 100 million shares of the Company, at an exercise price of Php1.93 (1^{st} Tranche). On 18 February 2013, the Company granted another stock option to the same set of directors and officers for the same number of shares (100 million shares) at an exercise price of Php1.69 (2^{nd} Tranche). On 7 March 2014, the Company granted another stock option to the same set of directors and officers for the same number of shares (100 million shares) at an exercise price of Php1.50 (3^{rd} Tranche). On 9 March 2015 and 17 June 2016, the Company granted another stock option to certain key officers of the company for 50 Million shares for each tranche at an exercise price of Php1.65 (4^{th} Tranche) and Php1.00 (5^{th} Tranche), respectively.

The PSE approved the Company's application for the listing of 100,000,000 common shares (1st Tranche), an additional 100,000,000 common shares (2nd Tranche), an additional 100,000,000 common shares (3^{rd} Tranche), an additional 50,000,000 common shares (4^{th} Tranche), and an additional 50,000,000 common shares (5^{th} Tranche) on 25 May 2012, 28 January 2014, 17 June 2014, 24 July 2015, and 11 November 2016, respectively.

An Option Holder may exercise in whole or in part his vested Option provided, that, an Option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said Option's Life Cycle.

As of 31 December 2023, none of the Option Holders has exercised the options granted to them under the ESOP, and no underlying shares have been subscribed nor fully paid for by the Option Holders in connection therewith.

The 1^{st}, 2^{nd}, 3^{rd}, 4^{th} and 5^{th} Tranches of the ESOP expired on 15 February 2019, 17 February 2020, 6 March 2021, 8 March 2022, and 16 June 2023, respectively. Thus, as of 31 March 2024, no unexercised options remains valid under the ESOP.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

Security ownership of certain record and beneficial owners owning more than 5% of any class of the Corporation's voting securities as of 31 December 2023 are as follows:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (Based in total shares)
Common Shares	Megaworld Corporation 30th Floor, Alliance Global Tower, 36th St. corner 11th Avenue, Uptown Bonifacio, Taguig City	Megaworld Corporation	Filipino	9,035,638,139	82.247%
Common shares	PCD Nominee Corporation (Filipino) 6/F MKSE Bldg. Ayala Avenue, Makati City	Various shareholders	Filipino	1,459,320,767	13.283%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

<u>Security Ownership of Management</u>

As of 31 December 2023 common shares owned by all directors and executive officers of GERI, representing original issues and stock dividends are as follows:

Title of Class	Name of Beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Dr. Andrew L. Tan	2 (direct)	Filipino	0.00%
Common	Lourdes T. Gutierrez-Alfonso	2 (direct)	Filipino	0.00%
Common	Monica T. Salomon	1 (direct)	Filipino	0.00%
Common	Kevin Andrew L. Tan	2 (direct)	Filipino	0.00%
Common	Ferdinand T. Santos	30,007 (direct)	Filipino	0.00%
Common	Wilbur L. Chan	2,611,826 (direct)	Filipino	0.02%
Common	Giancarlo S. Ng	1 (direct)	Filipino	0.00%
Common	Jesus B. Varela	1 (direct)	Filipino	0.00%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.00%

Other Executive Officers				
Common	Lailani V. Villanueva	0	Filipino	n/a
Common	Marie Emelyn Gertrudes C. Martinez	0	Filipino	n/a
Common	Karen B. Maderazo	0	Filipino	n/a
Common	Felipe L. Mangubat, Jr.	0	Filipino	n/a
Common	Kirk P. Abot	0	Filipino	n/a
Common	Michael R. Roxas	0	Filipino	n/a
Common	Maria Carla T. Uykim	0	Filipino	n/a
Common	Nelileen S. Baxa	0	Filipino	n/a

Voting Trust Holders of 5% or more

The Company knows of no persons holding more than 5% of common shares under voting trust or similar agreement.

Changes in Control

There has been no change in the control of the Company since it became a subsidiary of Megaworld Corporation.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Group, in its regular conduct of business, has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, marketing, leasing and administrative service agreements.

Advances granted to and obtained from subsidiaries, associates and other related parties are for purposes of working capital requirements.

Except with respect to the Related Party Transactions as discussed in Note 25 to the consolidated financial statements as at 31 December 2023 and 2022 and for each of the last three (3) years ended 31 December, there was no transaction during the last three (3) years involving the Company in which any of its directors or executive officers, any nominee for election as director, or security holder owning 10% or more of the Company’s total outstanding shares and members of their immediate family had a material interest.

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

On 10 May 2017, the Board of Directors of the Company formally adopted a New Manual on Corporate Governance (Manual) that incorporates the established governance policies and practices in accordance with SEC Memorandum Circular No. 19, Series of 2016. The Manual shall serve to institutionalize GERI's principles of good corporate governance. For this purpose, the Board of Directors, the Management, the employees and the shareholders of GERI shall exert utmost efforts to promote and encourage awareness of these principles, with the end in view of fostering a corporate environment grounded on sound strategic business management. The Manual guides the Board of Directors and Officers of the Company in their decisions and actions.

Conformably with the Manual, the Company's directors and key officers attended a Corporate Governance Seminar in 2023, which seminar were conducted by the Institute of Corporate Directors, Center for Training and Development, Inc. and Risk, Opportunities, Assessment and Management (ROAM), Inc.

The Company is continuously finding ways to improve and enhance its existing systems and processes, as well as current practices, with the end view of complying with leading practices on good corporate governance.

PART V – EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

a.) Exhibits

The following exhibit is incorporated by reference in this report:

<u>2023 Consolidated Audited Financial Statements</u>

No other exhibits, as indicated in the Index to Exhibits are either applicable to the Company or require no answer.

b.) Reports on SEC Form 17- C and Other Disclosures

The following reports were submitted by the Company to the Securities and Exchange Commission and/or The Philippines Stock Exchange, Inc. during the year 2023:

SEC Form 17-C

- GERI Full Year 2022 Earnings Performance
- GERI 1st Quarter 2023 Earnings Performance
- Declaration of Cash Dividends for Common Shares
- GERI First Half 2023 Earnings Performance
- GERI Nine Months 2023 Earnings Performance

Structured Disclosures

- Public Ownership Report
- Foreign Ownership Report
- List of Top 100 Stockholders
- Advisement Letter on Attendance in Board Meetings for 2022
- Annual Report
- Postponement of Annual Stockholders' Meeting
- Notice of Annual Stockholders' Meeting
- Information Statement
- Quarterly Report
- Integrated Annual Corporate Governance Report
- Results of Annual Stockholders Meeting
- Results of Organizational Board Meeting
- Initial Statement of Beneficial Ownership of Securities
- Certification of Completion of 2023 Corporate Governance Seminar

Press Releases

- GERI Full Year 2022 Earnings Performance (April 14, 2023)
- GERI 1st Quarter 2023 Earnings Performance (May 11, 2023)
- GERI First Half 2023 Earnings Performance (Augus 8, 2023)
- GERI Nine Months 2023 Earnings Performance (November 8, 2023)

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized in on March , 2024.

By:

Atty. Monica T. Salomon
President
Principal Operating Officer

Lailani V. Villanueva
Chief Finance Officer
Principal Financial Officer

Atty. Maria Carla T. Uykim
Corporate Secretary

Christian R. Sta. Rita
Assistant Vice President
General Accounting I

SUBSCRIBED AND SWORN to before me this 12 APR 2024 day of March 2024, affiants exhibiting to me their valid identification card, as follows:

NAMES	TIN/UMID/ SSS No./Driver's License	Expiration Date	Place of Issue
Monica T. Salomon	TIN 182-240-560-000	--	Manila
Lailani V. Villanueva	CRN 0002-1985165-5	--	Manila
Maria Carla T. Uykim	TIN 159-353-280-000	--	--
Christian R. Sta. Rita	N03-20-005870	--	--

Doc. No: 952;
Page No.: 92;
Book No.: IX;
Series of 2024.

Mariper Aguilar
ATTY. MARIPER B. AGUILAR
Notary Public for Quezon City
Until December 31, 2025
IBP No. 390487 - Jan. 3, 2024
MCLE Compliance No. VII-00016[illegible]
Appointment No. N-93 (2024-2025)
PTR No. 5555049 Jan. 2, 2024
Quezon City Roll No. 73209
28 Baker St., Fairmond Subd., Brgy.
North Fairview, Quezon City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

Sec Registration Number

A	S	O	9	4	0	0	4	4	6	2

COMPANY NAME

GLOBAL-ESTATE RESORTS, INC.
AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

9TH FLOOR EASTWOOD GLOBAL PLAZA
PALM TREE AVENUE BAGUMBAYAN
1110 QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
lvvillanueva@global-estate.ph	5-328-4370	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,152	Last Thursday of June	December-31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
LAILANI V. VILLANUEVA	lvvillanueva@global-estate.ph	5-328-4370	N/A

CONTACT PERSON'S ADDRESS

9/F Eastwood Global Plaza, Palm Tree Ave., Eastwood City, Bagumbayan, Quezon City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause to delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-recepient of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

P&A Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Global-Estate Resorts, Inc. and Subsidiaries

December 31, 2023, 2022 and 2021
(With Corresponding Figures as of January 1, 2022)

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
Global-Estate Resorts, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Opinion

We have audited the consolidated financial statements of Global-Estate Resorts, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, 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 consolidated 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 application of financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters, 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.

Revenue Recognition on Real Estate Sales and Determination of Related Costs

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales amounted to P6.5 billion or 78.1% of consolidated Revenues and Income while costs of real estate sales amounted to P2.8 billion or 51.8% of consolidated Costs and Expenses for the year ended December 31, 2023. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as costs of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policies for revenue recognition on real estate sales and determination of costs of real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied, and estimates used by management related to revenue recognition and cost determination are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 19 and 22, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition policy and process include tests of design and operating effectiveness of relevant controls over revenue generation and recognition, as well as tests of information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized through examination of real estate sales contracts and other relevant supporting documents of the samples selected and performed overall analytical review of actual results.

As part of our test of compliance with revenue recognition criteria, we tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behavior.

Relative to the Group's 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 included test of controls over recognition and allocation of costs per project and examined supporting documents. We have also conducted ocular inspection of selected projects under development to assess 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 projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of design and operating effectiveness of controls over cost recognition and measurement, including IT general and application controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 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 audit 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 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 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, in 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 2023 audit resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

	Notes		2023		December 31, 2022 (As Restated – see Note 2)		January 1, 2022 (As Restated – see Note 2)
A S S E T S							
CURRENT ASSETS							
Cash and cash equivalents	5	**P**	**2,126,242,354**	P	2,354,706,901	P	3,949,449,148
Trade and other receivables - net	6		**8,748,155,409**		8,607,314,942		7,594,232,886
Contract assets	19		**4,002,000,089**		3,438,659,294		1,914,210,251
Advances to real estate property owners	9		**43,536,149**		55,896,013		45,442,620
Advances to related parties - net	25		**567,858,131**		672,948,672		714,141,424
Inventories - net	7		**21,153,887,807**		20,023,795,404		18,872,379,522
Prepayments and other current assets - net	8		**4,512,403,499**		3,949,207,036		3,245,392,771
Total Current Assets			**41,154,083,438**		39,102,528,262		36,335,248,622
NON-CURRENT ASSETS							
Trade and other receivables - net	6		**5,029,437,719**		3,220,535,535		2,501,782,413
Contract assets	19		**1,805,263,926**		1,062,583,443		1,233,089,935
Advances to real estate property owners	9		**1,293,330,994**		1,272,206,783		1,258,287,730
Investment in associates - net	10		**732,082,333**		731,197,235		731,432,952
Investment properties - net	11		**10,552,467,526**		10,705,712,498		10,797,030,614
Property and equipment - net	12		**879,823,190**		883,770,248		912,535,908
Right-of-use assets - net	13		**85,981,538**		115,784,192		150,159,058
Other non-current assets - net	14		**166,060,109**		148,190,871		160,092,926
Total Non-current Assets			**20,544,447,335**		18,139,980,805		17,744,411,536
TOTAL ASSETS		**P**	**61,698,530,773**	P	57,242,509,067	P	54,079,660,158

	Notes	2023	December 31, 2022 (As Restated – see Note 2)	January 1, 2022 (As Restated – see Note 2)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans	15	**P 1,527,430,205**	P 1,587,254,907	P 1,387,254,907
Trade and other payables	16	**4,578,282,611**	4,064,589,034	3,605,270,531
Contract liabilities	19	**479,315,525**	595,562,676	491,603,288
Due to joint venture partners	17	**493,245,600**	386,706,191	400,238,268
Advances from related parties	25	**692,155,728**	851,450,654	850,531,858
Redeemable preferred shares	26	**-**	-	251,597,580
Customers' deposits	2	**646,053,302**	1,384,011,046	1,226,743,675
Lease liabilities	13	**38,660,181**	34,166,129	29,157,761
Total Current Liabilities		**8,455,143,152**	8,903,740,637	8,242,397,868
NON-CURRENT LIABILITIES				
Interest-bearing loans	15	**7,966,639,384**	6,018,414,593	6,105,669,497
Contract liabilities	19	**446,497,334**	310,926,830	267,065,145
Customers' deposits	2	**591,620,464**	97,981,763	73,650,170
Retirement benefit obligation	23	**142,618,469**	111,012,219	127,234,441
Deferred tax liabilities - net	24	**3,287,056,859**	2,665,766,500	2,135,571,400
Lease liabilities	13	**371,700,567**	408,618,892	442,785,024
Other non-current liabilities	18	**495,027,399**	513,118,898	597,836,442
Total Non-current Liabilities		**13,301,160,476**	10,125,839,695	9,749,812,119
Total Liabilities		**21,756,303,628**	19,029,580,332	17,992,209,987
EQUITY				
Equity attributable to shareholders of the Parent Company:				
Capital stock	26	**10,986,000,000**	10,986,000,000	10,986,000,000
Additional paid-in capital		**4,747,739,274**	4,747,739,274	4,747,739,274
Revaluation reserves		**62,666,355**	71,504,073	32,585,760
Retained earnings		**17,743,085,311**	16,026,732,810	14,234,586,078
		33,539,490,940	31,831,976,157	30,000,911,112
Non-controlling interest	10	**6,402,736,205**	6,380,952,578	6,086,539,059
Total Equity		**39,942,227,145**	38,212,928,735	36,087,450,171
TOTAL LIABILITIES AND EQUITY		**P 61,698,530,773**	P 57,242,509,067	P 54,079,660,158

See Notes to Consolidated Financial Statements.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES AND INCOME				
Real estate sales	6, 19	**P 6,508,829,115**	P 5,899,854,122	P 3,717,314,154
Hotel operations	19	**567,165,206**	420,470,075	145,950,403
Rental income	11, 19	**551,559,805**	455,961,990	408,929,904
Service income	2	**191,002,197**	138,379,243	131,419,980
Marketing fees	9	**72,567,468**	68,717,195	148,531,430
Finance and other income	20	**447,540,825**	346,907,590	433,968,542
		8,338,664,616	7,330,290,215	4,986,114,413
COSTS AND EXPENSES				
Cost of real estate sales	21, 22	**2,798,985,876**	2,144,625,053	1,628,491,489
Cost of rentals and services	21, 22	**365,948,174**	319,643,144	344,233,070
Cost of hotel operations	21, 22	**297,442,621**	191,572,019	75,864,785
Other operating expenses	21	**1,574,589,050**	1,492,773,638	1,044,689,038
Finance costs and other charges	20	**370,058,121**	392,312,495	221,106,628
		5,407,023,842	4,540,926,349	3,314,385,010
PROFIT BEFORE TAX		**2,931,640,774**	2,789,363,866	1,671,729,403
TAX EXPENSE	24	**821,412,790**	702,803,615	177,036,359
NET PROFIT		**2,110,227,984**	2,086,560,251	1,494,693,044
OTHER COMPREHENSIVE INCOME (LOSS)				
Remeasurements of retirement benefit plan	23	**(11,783,624)**	51,891,084	34,002,912
Tax income (expense)	24	**2,945,906**	(12,972,771)	(9,045,618)
		(8,837,718)	38,918,313	24,957,294
TOTAL COMPREHENSIVE INCOME		**P 2,101,390,266**	P 2,125,478,564	P 1,519,650,338
Net profit attributable to:				
Parent Company's shareholders		**P 1,840,437,287**	P 1,792,146,732	P 1,311,281,638
Non-controlling interest		**269,790,697**	294,413,519	183,411,406
		P 2,110,227,984	P 2,086,560,251	P 1,494,693,044
Total comprehensive income attributable to:				
Parent Company's shareholders		**P 1,831,599,569**	P 1,831,065,045	P 1,336,238,932
Non-controlling interest		**269,790,697**	294,413,519	183,411,406
		P 2,101,390,266	P 2,125,478,564	P 1,519,650,338
EARNINGS PER SHARE	27			
Basic		**P 0.168**	P 0.163	P 0.119
Diluted		**P 0.167**	P 0.162	P 0.118

See Notes to Consolidated Financial Statements.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company						
	Capital Stock (see Note 26)	**Additional Paid-in Capital**	**Revaluation Reserves** (see Note 23)	**Retained Earnings** (see Notes 2 and 26)	**Total**	**Non-controlling Interest** (see Note 10)	**Total Equity**
Balance at January 1, 2023							
As previously reported	P 10,986,000,000	P 4,747,739,274	P 71,504,073	P 16,010,172,859	P 31,815,416,206	P 6,380,952,578	P 38,196,368,784
Effect of restatement	-	-	-	16,559,951	16,559,951	-	16,559,951
As restated	10,986,000,000	4,747,739,274	71,504,073	16,026,732,810	31,831,976,157	6,380,952,578	38,212,928,735
Cash dividends	-	-	-	(124,084,786)	(124,084,786)	(248,007,070)	(372,091,856)
Total comprehensive income (loss) for the year	-	-	(8,837,718)	1,840,437,287	1,831,599,569	269,790,697	2,101,390,266
Balance at December 31, 2023	**P 10,986,000,000**	**P 4,747,739,274**	**P 62,666,355**	**P 17,743,085,311**	**P 33,539,490,940**	**P 6,402,736,205**	**P 39,942,227,145**
Balance at January 1, 2022							
As previously reported	P 10,986,000,000	P 4,747,739,274	P 32,585,760	P 14,218,026,127	P 29,984,351,161	P 6,086,539,059	P 36,070,890,220
Effect of restatement	-	-	-	16,559,951	16,559,951	-	16,559,951
As restated	10,986,000,000	4,747,739,274	32,585,760	14,234,586,078	30,000,911,112	6,086,539,059	36,087,450,171
Total comprehensive income for the year	-	-	38,918,313	1,792,146,732	1,831,065,045	294,413,519	2,125,478,564
Balance at December 31, 2022	P 10,986,000,000	P 4,747,739,274	P 71,504,073	P 16,026,732,810	P 31,831,976,157	P 6,380,952,578	P 38,212,928,735
Balance at January 1, 2021							
As previously reported	P 10,986,000,000	P 4,747,739,274	P 7,628,466	P 12,906,744,489	P 28,648,112,229	P 5,903,127,653	P 34,551,239,882
Effect of restatement	-	-	-	16,559,951	16,559,951	-	16,559,951
As restated	10,986,000,000	4,747,739,274	7,628,466	12,923,304,440	28,664,672,180	5,903,127,653	34,567,799,833
Total comprehensive income for the year	-	-	24,957,294	1,311,281,638	1,336,238,932	183,411,406	1,519,650,338
Balance at December 31, 2021	P 10,986,000,000	P 4,747,739,274	P 32,585,760	P 14,234,586,078	P 30,000,911,112	P 6,086,539,059	P 36,087,450,171

See Notes to Consolidated Financial Statements.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 2,931,640,774**	P 2,789,363,866	P 1,671,729,403
Adjustments for:				
Depreciation and amortization	21	**313,717,063**	318,484,433	356,424,161
Loss on refund and sales cancellation	20	**280,950,630**	298,886,075	106,759,954
Finance income	20	**(256,239,353)**	(244,526,620)	(177,933,238)
Finance costs	20	**89,107,491**	90,703,736	113,752,201
Gain on derecognition of payables	20	**(58,504,431)**	(20,121,398)	(106,187,235)
Foreign exchange gains - net	20	**(7,868,325)**	(29,525,566)	(15,262,638)
Equity share in net losses (gains) of associates	10, 20	**(885,098)**	235,717	594,473
Impairment loss on trade and other receivables	6, 21	**-**	34,776,037	-
Operating profit before working capital changes		**3,291,918,751**	3,238,276,280	1,949,877,081
Increase in trade and other receivables		**(1,699,558,442)**	(1,585,179,222)	(715,659,970)
Increase in contract assets		**(1,306,021,278)**	(1,353,942,551)	(353,304,239)
Increase in inventories		**(581,977,105)**	(881,383,747)	(509,485,835)
Increase in prepayments and other current assets		**(782,707,257)**	(848,095,211)	(146,966,870)
Increase in advances to real estate property owners		**(8,764,347)**	(37,904,523)	(30,391,429)
Decrease in refundable deposits		**1,758,007**	13,655,034	6,828,979
Decrease (increase) in other non-current assets		**(19,625,015)**	(247,033)	630,075
Increase in trade and other payables		**344,140,720**	180,553,826	324,139,016
Increase (decrease) in contract liabilities		**19,323,353**	147,821,073	(40,891,619)
Increase (decrease) in customers' deposits		**(244,319,043)**	181,598,964	2,928,174
Increase in retirement benefit obligation		**11,185,840**	9,592,881	34,904,263
Increase (decrease) in other non-current liabilities		**12,021,146**	(118,503,793)	(133,300,833)
Cash generated from (used in) operations		**(962,624,670)**	(1,053,758,022)	389,306,793
Interest received		**20,143,974**	37,524,392	9,054,204
Interest paid		**(564,068,008)**	(374,998,300)	(258,340,562)
Cash paid for income taxes		**(15,716,270)**	(7,514,090)	(39,835,078)
Net Cash From (Used in) Operating Activities		**(1,522,264,974)**	(1,398,746,020)	100,185,357
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections of advances to related parties	25	**162,806,973**	89,447,235	7,860,549
Cash advances granted to related parties	25	**(57,716,432)**	(48,254,483)	(4,376,944)
Additions to:				
Property and equipment	12	**(68,705,344)**	(41,517,891)	(76,291,689)
Investment properties	11	**(53,193,742)**	(42,339,442)	(116,582,384)
Software	14	**(2,926,220)**	(3,611,795)	-
Proceeds from disposals of property and equipment	12	**379,464**	111,235	87,321
Net Cash Used in Investing Activities		**(19,355,301)**	(46,165,141)	(189,303,147)
Balance brought forward		**(P 1,541,620,275)**	(P 1,444,911,161)	(P 89,117,790)

	Notes	2023	2022	2021
Balance carried forward		(P 1,541,620,275)	(P 1,444,911,161)	(P 89,117,790)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans	33	**5,000,000,000**	1,500,000,000	3,628,953,824
Repayments of interest-bearing loans	33	**(3,111,599,911)**	(1,387,254,904)	(1,470,588,240)
Cash dividends paid	10, 26	**(372,091,856)**	-	-
Repayments of advances from related parties	25, 33	**(186,439,309)**	(89,307,944)	(75,650,853)
Repayment of lease liabilities	33	**(42,139,685)**	(39,622,755)	(46,917,893)
Cash advances obtained from related parties	25	**17,558,165**	88,426,531	-
Redemption of preferred shares	26	**-**	(251,597,580)	(251,597,580)
Net Cash From (Used in) Financing Activities		**1,305,287,404**	(179,356,652)	1,784,199,258
Effects of Exchange Rates Changes on Cash and Cash Equivalents		**7,868,324**	29,525,566	15,262,638
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(228,464,547)**	(1,594,742,247)	1,710,344,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,354,706,901**	3,949,449,148	2,239,105,042
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 2,126,242,354**	P 2,354,706,901	P 3,949,449,148

Supplemental Information on Non-cash Investing and Financing Activities:

(1) In the normal course of business, the Group enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Moreover, reclassifications of inventories, property and equipment, and investment properties have been made. These non-cash activities are not reflected in the consolidated statements of cash flows (see Notes 7, 11 and 12).

(2) In 2023, the Group recognized right-of-use assets and lease liabilities amounting to P2.8 million, while in 2021, the Group recognized right-of-use assets and lease liabilities amounting to P68.2 million and P62.1 million, respectively (see Notes 13 and 33). There was no similar transaction in 2022.

(3) In 2023, the Company pre-terminated one of its lease contracts which resulted to the derecognition of the right-of-use asset and lease liability and a gain on pre-termination amounting to P0.5 million presented as part of Gain on derecognition of payables under Finance and Other Income in the 2023 consolidated statement of comprehensive income (see Note 20.1). There was no similar transaction in 2022 and 2021.

(4) The Group has effected the offsetting of payments made directly by the Group's sublessee to the head lessor in relation to its finance lease transaction (see Notes 2, 6, and 13).

(5) In 2021, the Group applied Advances to contractors amounting to P51.1 million against payments made for investment properties additions during the year (see Notes 11 and 14). There was no similar transaction in 2022 and 2023.

See Notes to Consolidated Financial Statements.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Global-Estate Resorts, Inc. (the Company or GERI) was incorporated in the Philippines on May 18, 1994. It is primarily engaged in the development of integrated tourism and leisure estates, and integrated lifestyle communities with residential, retail, hotel and/or leisure components. The Company also engages in land acquisitions and maintains an inventory of raw land for future development.

The registered office address of the Company, which is also its principal place of business, is located at 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City.

Megaworld Corporation (Megaworld or the parent company) is the parent company of Global-Estate Resorts, Inc. and subsidiaries (the Group). Megaworld is 70% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company.

Megaworld was incorporated in the Philippines primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities such as product design, construction and property management. Megaworld's real estate portfolio includes residential condominium units, subdivision lots and townhouses, as well as office projects and retail spaces. The registered office of Megaworld, which is also its principal place of business, is located at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

AGI is a holding company with diversified investments in real estate, food and beverage, quick service restaurants and tourism-entertainment and gaming businesses. AGI's registered office, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City.

The shares of stock of the Company, Megaworld and AGI are listed at the Philippine Stock Exchange.

1.1 Composition of the Group

The Company holds interests in the following subsidiaries and associates (collectively, together with the Company, hereinafter referred to as the Group) as of December 31, 2023 and 2022, except as indicated below:

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Global-Estate Properties, Inc. (GEPI)		100%
Aklan Holdings Inc. (AHI)	(a)	100%
Blue Sky Airways, Inc. (BSAI)	(a)	100%
Fil-Estate Subic Development Corp. (FESDC)	(a)	100%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	100%
Golden Sun Airways, Inc. (GSAI)	(a)	100%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(a)	100%
MCX Corporation (MCX)	(a)	100%
Pioneer L-5 Realty Corp. (PLRC)	(a)	100%
Prime Airways, Inc. (PAI)	(a)	100%
Sto. Domingo Place Development Corp. (SDPDC)	(a)	100%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	100%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	79%
Sherwood Hills Development Inc. (SHDI)	(a)	55%
Global-Estate Golf and Development, Inc. (GEGDI)		100%
Golforce, Inc. (Golforce)	(b)	100%
Southwoods Ecocentrum Corp. (SWEC)	(b)	60%
Philippine Aquatic Leisure Corp. (PALC)	(c)	60%
Fil-Estate Urban Development Corp. (FEUDC)		100%
Novo Sierra Holdings Corp. (NSHC)		100%
Elite Communities Property Services, Inc. (ECPSI)	(d)	100%
Savoy Hotel Boracay, Inc. (SHBI)	(e)	100%
Belmont Hotel Boracay, Inc. (BHBI)	(e)	100%
Megaworld Global-Estate, Inc. (MGEI)	(f)	60%
Twin Lakes Corp. (TLC)		51%
Twin Lakes Hotel, Inc. (TLHI)	(g)	51%
Oceanfront Properties, Inc. (OPI)		50%
Global Homes and Communities, Inc. (GHCI)		100%
Southwoods Mall, Inc. (SMI)		51%
Elite Club & Leisure Inc. (ECLI)	(i)	100%
Integrated Resorts Property Management Inc. (IRPMI)	(i)	100%
Associates:		
Fil-Estate Network, Inc. (FENI)		20%
Fil-Estate Sales, Inc. (FESI)		20%
Fil-Estate Realty and Sales Associates Inc. (FERSAI)		20%
Fil-Estate Realty Corp. (FERC)		20%
Nasugbu Properties, Inc. (NPI)	(h)	14%

Non-controlling interests (NCI) represent the interests not held by the Group in FEIPI, SHDI, SWEC, PALC, MGEI, TLC, TLHI, OPI and SMI (see Note 10.2).

All subsidiaries and associates were incorporated in the Philippines, operate within the country and are engaged in businesses related to the main business of the Company.

Explanatory notes:

a. Subsidiaries of GEPI; percentage ownership represents effective ownership of GERI.
b. Subsidiaries of GEGDI; percentage ownership represents effective ownership of GERI.
c. Subsidiary of SWEC.
d. Subsidiary acquired in prior years primarily to manage and administer real estate properties.
e. Subsidiaries engaged primarily to operate and manage resort hotels.
f. Subsidiary acquired in prior years primarily to market the Group's projects.
g. A subsidiary of TLC. TLHI was incorporated in 2018 to operate Twin Lakes Hotel, one of the real estate projects of TLC.
h. Associate because GERI has a representation in the BOD.
i. Newly incorporated subsidiaries this year, ECLI maintains and manages on the business and operations of clubs, resorts and leisure facilities. IRPMI manages and administers real estate properties.

1.2 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2023 (including the comparative consolidated financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021 and the corresponding figures as of January 1, 2022) were authorized for issue by the Company's Board of Directors (BOD) on February 26, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of 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 of by the Group are disclosed in detail below and in the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (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

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers,* affecting the real estate industry under following Memorandum Circular (MC):

- 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*
- 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*

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

Discussed below and in the succeeding page are the financial reporting reliefs availed of by the 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.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

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, in 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.

(ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group 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.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements 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 Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the opening retained earnings in the year of adoption.

(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 a consolidated statement of comprehensive income separate from the consolidated statement of income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes 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. The related notes to the third consolidated statement of financial position are not required to be disclosed.

In 2023, the Group changed its classification of certain portion of the Unearned discount and interest netted against the Installment contract and other trade receivables as of December 31, 2022 and 2021 amounting to P208.1 million and P102.8 million, respectively, to properly classify the current and non-current classification of such unearned interest (see Note 6). This did not have any impact on the Group's consolidated statements of comprehensive income and consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended December 31, 2022 and 2021.

The Group's consolidated financial statements was restated to correct the transition adjustment errors in relation to the Group's initial adoption of PFRS 16, *Leases*, in 2019. Such errors resulted in a net adjustment to Retained Earnings amounting to P16.6 million as of January 1, 2022. In addition, unrecorded payments made directly by the Group's sublessee to the head lessor amounting to P80.5 million and P55.0 million as of December 31, 2022 and January 1, 2022, respectively, was reflected as an adjustment to the Lease Liability and Finance Lease Receivable (presented as part of Trade and Other Receivables – net) accounts for the corresponding periods (see Notes 6 and 13).

The reclassification and restatement have the following effects in the consolidated statements of financial position as of December 31, 2022 and January 1, 2022:

	As Previously Reported	**Adjustments**	**As Restated**
Consolidated statements of financial position			
December 31, 2022:			
Change in Current Assets – Trade and other receivables - net	P 8,463,172,618	P 144,142,324	P 8,607,314,942
Change in Non-Current Assets – Trade and other receivables - net	3,428,657,521	(208,121,986)	3,220,535,535
Change in Current Liabilities – Lease liabilities	114,705,742	(80,539,613)	34,166,129
Change in Equity – Retained earnings	16,010,172,859	16,559,951	16,026,732,810
January 1, 2022:			
Change in Current Assets – Trade and other receivables - net	P 7,529,861,186	P 64,371,700	P 7,594,232,886
Change in Non-Current Assets – Trade and other receivables - net	2,604,563,540	(102,781,127)	2,501,782,413
Change in Current Liabilities – Lease liabilities	84,127,139	(54,969,378)	29,157,761
Change in Equity – Retained earnings	14,218,026,127	16,559,951	14,234,586,078

The reclassification and restatement did not have significant impact on the Group's consolidated statements of comprehensive income and consolidated statements of cash flows for the years then ended December 31, 2022 and 2021.

(d) Functional and Presentation Currency

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

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

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) *Effective in 2023 that is not Relevant to the Group*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group's consolidated financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

(v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of entities in the Group that are prepared as of a date different from that of the date of these consolidated financial statements were adjusted to recognize the effects of significant transactions or events, if any, that occur between that date of their reporting period and the date of these consolidated financial statements. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

Acquired subsidiaries are subject to either of the following relevant policies:

(a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

(b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. Acquired investment in associate is subject to the purchase method.

2.4 *Financial Instruments*

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

The Group's financial assets include financial assets at amortized cost which are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables [except for Value-added tax (VAT) on contracts with customers, Advances to raw landowners and Advances to officers and employees], Advances to Real Estate Property Owners, Advances to Related Parties, and Refundable deposits (as part of Other Non-current Assets account).

Impairment of Financial Assets

The Group applies the simplified approach in measuring Expected Credit Losses (ECL), which uses a lifetime expected loss allowance for all trade and other receivables, contract assets, and other financial assets carried at amortized cost. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due (see Note 29.2).

The Group applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk.

In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

For other financial assets at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk 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 (a lifetime ECL).

(b) Financial Liabilities

Financial liabilities of the Group include Interest-bearing Loans, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Due to Joint Venture Partners, Lease Liabilities and Other Non-current Liabilities account (except Advance rental).

2.5 Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

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.

2.6 Property and Equipment

Property and equipment, except land, are carried at acquisition or construction cost less subsequent depreciation, amortization for property and equipment and any impairment losses. As no finite useful life for land can be determined, the related carrying amount are not depreciated.

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

Building	50 years
Office furniture, fixtures and equipment	3-5 years
Transportation and other equipment	5 years
Building and office improvements	5-10 years

2.7 Investment Properties

Investment properties consist of parcels of land and buildings, including those under construction, held or intended for lease or for capital appreciation or both. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation.

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

Land development and improvements	20 years
Building and improvements	25-50 years

2.8 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, hotel operations and leasing activities. The Group's leasing activities are accounted for under PFRS 16 (see Note 2.9).

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1. Sales cancellations are accounted for on the year of forfeiture. Cumulative revenue and costs recognized on cancelled contracts are reversed in the year of cancellation, and any gain or loss is charged to profit or loss.

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under Revenues and Income section in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under Revenues and Income section in the consolidated statement of comprehensive income. For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Company, GEPI, TLC, OPI, GEGDI and FEUDC.

(c) *Hotel operations* – Revenues from room accommodation and services 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. For food and beverage, revenue is recognized at a point in time upon delivery to and receipt of food and beverage by the customer.

(d) *Service income* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Service income comprises fees from maintenance of golf course and management fees.

(e) *Marketing fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

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.

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 consolidated 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 2.4(a)].

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.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, considerations received from buyers are presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.9 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

The Group amortizes 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 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 consolidated profit or loss on a straight-line basis over the lease term.

(b) *Group as Lessor*

The Group applies judgment in determining whether a lease contract is a finance or operating lease.

2.10 Impairment of Non-financial Assets

The Group's investments in associates, investment properties, property and equipment, right-of-use assets 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 may not be recoverable.

2.11 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits.

The Group's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified and noncontributory.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

2.12 Share-based Employee Remuneration

The Group grants share options to key executive officers eligible under a stock option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital.

2.13 Basic and Diluted Earnings per Share

Basic earnings per share (EPS) is computed by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period, 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 common shares outstanding to assume conversion of potentially dilutive shares. Currently, the Group's potentially dilutive shares consist only of share options (see Note 27).

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 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 vary 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 judgments below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) 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.

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.

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

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

(i) Real Estate Sales

The Group exercises significant 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 determines that its performance obligation for pre-completed real estate properties 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.

(ii) Hotel Operations

The Group determines that its revenue from hotel operations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(iii) Food and Beverages, and Others

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, management assesses that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(iv) Service and Other Income

The Group determines that its revenue from services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(v) Forfeited Collections and Deposits

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(c) Determining Existence of a Contract with Customer

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition.

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 either at the pre-selling stage or 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.

(d) 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.

(e) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for trade and other receivables and contract assets. The provision rates are based on days past due for group of various customer segments that have similar loss patterns (i.e., product type, customer type, and coverage by letters of guarantee and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to Advances to Related Parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Group's trade and other receivables, contract assets and advances to related parties are disclosed in Note 29.2(b) and (c).

(f) Distinction among Investment Properties and Owner-occupied Properties

The Group determines whether an asset qualifies as an item of investment properties or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Group or for administrative purposes.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment properties only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment properties. The Group considers each property separately in making its judgment.

(g) Distinction Between Real Estate Inventories and Investment Properties

Residential and condominium units comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgment.

(h) Determination of Significant Influence over Entities in which the Group Holds Less than 20% Ownership

The Group determines whether significant influence exists over an investee company over which the Group holds less than 20% of the investee's capital stock. The Group considers the ability to influence the operating and financial policies of the investee, representation on the board of directors of the investee, provision of essential technical information for the development of the various projects of these investees, and routine participation in management decisions in making its judgment.

Based on management's judgment, the Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions, but has no control or joint control of those policies (see Note 1).

(i) Consolidation of Entities in which the Company Holds 50% Ownership or Less

Management considers that the Company has de facto control over OPI even though it does not hold more than 50% of the ordinary shares and voting rights of this subsidiary due to the factors discussed below.

The Company holds 50% equity interest over OPI and has: (1) the ability to direct the relevant activities of the subsidiary; (2) the rights to variable returns from its involvement with the subsidiary; and, (3) the ability to use its power to affect its returns from its involvement with the subsidiary. Based on management's judgment, the Company has control over OPI; hence, the said subsidiary was consolidated in the financial statements of the Group.

(j) Distinction Between Operating and Finance Leases (as a 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 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. Based on management assessment, the Group's lease agreements, as lessor, are classified either operating or finance leases.

(k) Recognition of 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.

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 Group 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 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.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

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 are discussed in the succeeding pages.

(a) *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 the effective interest rate on the most recent loan. Since the date of the availment is near the initial date of application, management is satisfied that the selected rate reflects the risks specific to the Group.

(b) *Business Combinations*

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

(c) *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.

(d) *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). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(e) *Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets 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 and uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period. In evaluating net realizable value of inventories, recent market conditions and current market prices have been considered. The carrying value of Inventories is disclosed in Note 7.

(f) Fair Value of Stock Options

The Group estimates the fair value of the executive stock option by applying an option valuation model, taking into account the terms and conditions on which the executive stock option was granted. The estimates and assumptions used are presented in Note 26.3, which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Company's share price and fair value of the Company's common shares. Changes in these factors can affect the fair value of stock options at grant date.

(g) Estimation of Useful Lives of Investment Properties, Property and Equipment, Software and Right-of-use Assets

The Group estimates the useful lives of investment properties, property and equipment 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 investment properties, property and equipment, and development right 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 investment properties, property and equipment, and right-of-use assets are analyzed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2023 and 2022, there are no changes in the estimated useful lives of those assets as of the end of the reporting periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(h) Fair Value Measurement of Investment Properties

Investment properties is measured using the cost model. The Group determines the fair values of building and building improvements earning rental income through discounted cash flows valuation technique since the information on current or recent prices of assumptions underlying the discounted cash flow approach of investment properties is not available. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates.

These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land and land development and improvements, the Group determines the fair value of land through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 11 and 31.3.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2023 and 2022 will be fully utilized within the prescribed period of availment. The carrying value of deferred tax assets as of those dates is disclosed in Note 24.

(j) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. 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 these 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.

There were no impairment losses were recognized on investment properties, property and equipment, and right-of-use assets and other non-financial assets for the years ended December 31, 2023, 2022 and 2021 (see Notes 11, 12 and 13).

(k) 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, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating businesses 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 is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office projects. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment includes hotel services, sale of food and beverages, and parties and events services. The Service Income segment relates to maintenance of golf courses. The Corporate and Others segment includes marketing services, general and corporate income and expense items. 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 Segment 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 and 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.

4.4 Analysis of Segment Information

The tables presented below and in the succeeding pages present revenue and profit information regarding industry segments for the years ended December 31, 2023, 2022 and 2021 and certain asset and liability information regarding segments at December 31, 2023, 2022 and 2021.

<u>As of and for the Year Ended December 31, 2023</u>

	Real Estate	Rental	Hotel Operations	Service Income	Corporate and Others	Total
TOTAL REVENUES						
Sales to external customers	P 6,980,858,625	P 551,559,805	P 567,165,206	P 191,002,197	P 262,983,842	P 8,553,569,675
Intersegment sales	-	88,920,815	-	128,436,082	95,278,350	312,635,247
Total revenues	**P 6,980,858,625**	**P 640,480,620**	**P 567,165,206**	**P 319,438,279**	**P 358,262,192**	**P 8,866,204,922**
RESULTS						
Segment results	P 2,294,274,378	P 259,327,022	P 34,398,414	P 25,523,604	P 150,100,394	P 2,763,623,812
Unallocated expenses	-	-	-	-	-	-
Income from operations						2,763,623,812
Finance income	165,624,824	-	-	-	90,614,529	256,239,353
Finance cost	-	-	-	-	(89,107,489)	(89,107,489)
Equity in net earnings of associates	-	-	-	-	885,098	885,098
Income before tax						2,931,640,774
Tax expense						(821,412,790)
Net profit before non-controlling interest						2,110,227,984
Non-controlling interest share in net profit						269,790,697
Net profit after Non-controlling interest						P 1,840,437,287
ASSETS AND LIABILITIES						
Segment assets	P49,756,068,412	P 6,311,850,455	P 1,212,463,241	P 380,361,097	P 2,668,294,302	P60,329,037,507
Investments in and advances to associates and other related parties	-	-		-	1,299,940,464	1,299,940,464
Deferred tax assets	-	-	69,390,142	162,660	-	69,552,802
Total assets	**P49,756,068,412**	**P 6,311,850,455**	**P 1,281,853,383**	**P 380,523,757**	**P 3,968,234,766**	**P61,698,530,773**
Segment liabilities	P16,313,376,261	P 524,656,277	P 1,045,192,215	P 254,601,763	P 331,420,253	P18,469,246,769
Deferred tax liabilities	3,287,056,859	-	-	-	-	3,287,056,859
Total liabilities	**P19,600,433,120**	**P 524,656,277**	**P 1,045,192,215**	**P 254,601,763**	**P 331,420,253**	**P21,756,303,628**
OTHER SEGMENT INFORMATION						
Project and capital expenditures	P 4,127,443,883	P 53,193,742	P 7,796,894	P 10,228,540	P 40,448,399	P 4,239,111,458
Depreciation and amortization	25,215,031	250,417,287	7,715,118	3,974,752	26,394,875	313,717,063

As of and for the Year Ended December 31, 2022

	Real Estate	Rental	Hotel Operations	Service Income	Corporate and Others	Total
TOTAL REVENUES						
Sales to external customers	P 6,141,965,484	P 455,961,990	P 420,470,075	P 138,379,243	P 171,098,165	P 7,327,874,957
Intersegment sales	-	70,388,556	-	93,089,325	267,646,086	431,123,967
Total revenues	P 6,141,965,484	P 526,350,546	P 420,470,075	P 231,468,568	P 438,744,251	P 7,758,998,924
RESULTS						
Segment results	P 2,333,314,053	P 168,602,910	P 29,450,759	P 24,082,354	P 80,326,623	P 2,635,776,699
Unallocated expenses	-	-	-	-	-	-
Income from operations						2,635,776,699
Finance income	158,725,173	-	-	-	85,801,447	244,526,620
Finance cost	-	-	-	-	(90,703,736)	(90,703,736)
Equity in net earnings of associates	-	-	-	-	(235,717)	(235,717)
Income before tax						2,789,363,866
Tax expense						(702,803,615)
Net profit before non-controlling interest						2,086,560,251
Non-controlling interest share in net profit						294,413,519
Net profit after non-controlling interest						P 1,792,146,732
ASSETS AND LIABILITIES						
Segment assets	P45,137,176,818	P 5,902,349,230	P 1,076,546,210	P 360,809,252	P 3,311,825,543	P55,788,707,053
Investments in and advances to associates and other related parties	-	-	-	-	1,404,145,907	1,404,145,907
Deferred tax assets	-	-	49,324,742	331,365	-	49,656,107
Total assets	P45,137,176,818	P 5,902,349,230	P 1,125,870,952	P 361,140,617	P 4,715,971,450	P57,242,509,067
Segment liabilities	P14,153,981,810	P 663,340,867	P 866,792,834	P 233,749,039	P 445,949,282	P16,363,813,832
Deferred tax liabilities	2,665,766,500	-	-	-	-	2,665,766,500
Total liabilities	P16,819,748,310	P 663,340,867	P 866,792,834	P 233,749,039	P 445,949,282	P19,029,580,332
OTHER SEGMENT INFORMATION						
Project and capital expenditures	P 3,778,828,361	P 204,570,616	P 1,428,367	P 486,906	P 39,936,971	P 4,025,305,221
Depreciation and amortization	29,156,185	244,830,082	17,381,792	4,226,007	22,890,367	318,484,433

As of the Year Ended December 31, 2021

	Real Estate	Rental	Hotel Operations	Service Income	Corporate and Others	Total
TOTAL REVENUES						
Sales to external customers	P 3,871,797,094	P 408,929,904	P 145,950,403	P 131,419,980	P 404,566,734	P 4,962,664,115
Intersegment sales	-	70,286,871	-	27,768,869	391,777,108	489,832,848
Total revenues	P 3,871,797,094	P 479,216,775	P 145,950,403	P 159,188,849	P 796,343,842	P 5,452,496,963
RESULTS						
Segment results	P 1,157,190,823	P 140,890,620	(P 49,012,046)	(P 261,726)	P 359,335,168	P 1,608,142,839
Unallocated expenses	-	-	-	-	-	-
Income from operations						1,608,142,839
Finance income	119,271,609	-	-	-	56,661,629	177,933,238
Finance cost	-	-	-	-	(113,752,201)	(113,752,201)
Equity in net losses of associates	-	-	-	-	(594,473)	(594,473)
Income before tax						1,671,729,403
Tax expense						(177,036,359)
Net profit before non-controlling interest						1,494,693,044
Non-controlling interest share in net profit						183,411,406
Net profit after non-controlling interest						P 1,311,281,638

For the Year Ended December 31, 2021

ASSETS AND LIABILITIES						
Segment assets	P40,036,458,317	P 6,066,361,593	P 880,868,786	P 280,990,026	P 5,333,170,809	P52,597,849,531
Investments in and advances to associates and other related parties	-	-	-	-	1,445,574,376	1,445,574,376
Deferred tax assets	-	-	35,830,838	405,413	-	36,236,251
Total assets	P40,036,458,317	P 6,066,361,593	P 916,699,624	P 281,395,439	P 6,778,745,185	P54,079,660,158
Segment liabilities	P12,633,640,978	P 668,509,006	P 481,161,635	P 88,249,203	P 1,985,077,765	P15,856,638,587
Deferred tax liabilities	2,135,571,400	-	-	-	-	2,135,571,400
Total liabilities	P14,769,212,378	P 668,509,006	P 481,161,635	P 88,249,203	P 1,985,077,765	P17,992,209,987
OTHER SEGMENT INFORMATION						
Project and capital expenditures	P 2,148,196,959	P 167,647,679	P -	P -	P 106,355,610	P 2,422,200,248
Depreciation and amortization	43,665,936	273,128,743	21,347,764	2,015,892	16,265,826	356,424,161

4.5 Reconciliations

Presented below is a reconciliation of the Group's net revenues to the revenues presented in its consolidated statements of comprehensive income.

	2023	2022	2021
Net revenues			
Total segment revenues	**P 8,866,204,922**	P 7,758,998,924	P 5,452,496,963
Day-one loss on installment contract receivables	**(472,029,510)**	(242,111,362)	(154,482,940)
Elimination of intersegment revenues	**(311,750,149)**	(431,123,967)	(489,832,848)
Revenues as reported in consolidated profit or loss*	**P 8,082,425,263**	P 7,085,763,595	P 4,808,181,175

**excluding Finance income (see Note 20.1)*

There are no revenues from a single customer amounting to 10% or more of the Group's revenue.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at the end of the reporting periods:

	2023	2022
Cash on hand and in banks	**P 1,703,569,334**	P1,679,087,075
Short-term placements	**422,673,020**	675,619,826
	P 2,126,242,354	P2,354,706,901

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made between 7 to 90 days at prevailing market interest rates and earn effective interest ranging from 0.20% to 6.00% in 2023 and 0.05% to 5.25% in 2022.

Interest income earned from cash in banks and short-term placements is included as part of Finance income under the Finance and Other Income account in the consolidated statements of comprehensive income (see Note 20.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following as at December 31:

	Notes	2023	2022 [As Restated – see Note 2.1(c)]
Current:			
Installment contract and other trade receivables		**P7,856,726,193**	P8,083,186,719
Unearned discount and interest		**(30,946,083)**	(27,666,898)
VAT on contracts with customers		**833,838,726**	603,666,029
Advances to officers and employees	25.3	**216,413,553**	170,886,698
Advances to raw landowners		**58,675,484**	58,652,413
Finance lease receivable	28.1	**2,017,326**	54,343,612
Others		**351,772,510**	204,588,669
		9,288,497,709	9,147,657,242
Allowance for impairment		**(540,342,300)**	(540,342,300)
		P8,748,155,409	P 8,607,314,942
Non-current:			
Installment contract receivables		**P4,774,002,839**	P2,701,472,523
Unearned discount and interest		**(614,128,207)**	(310,903,113)
VAT on contracts with customers		**554,448,569**	393,319,952
Finance lease receivable	28.1	**315,114,518**	436,646,173
		P5,029,437,719	P3,220,535,535

Installment contract receivables represent receivables from sale of real estate and resort shares for sale and are normally collectible monthly within one to five years. The titles to the real estate and resort shares sold remain with the Group until such receivables are fully collected. The installment period of sales contracts averages from three to five years.

Installment contract receivables are noninterest-bearing and are measured at amortized cost using the effective interest method based on the interest rate of comparable financial instruments in the market. Interest income from amortization amounted to P165.6 million, P115.7 million and P92.6 million in 2023, 2022 and 2021, respectively, and is presented as part of Finance income under the Finance and Other Income account in the consolidated statements of comprehensive income (see Note 20.1).

Meanwhile, the related day-one loss on the discounting of the interest-free installment contracts receivables amounting to P472.0 million, P242.1 million and P154.5 million in 2023, 2022 and 2021, respectively, is presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income.

VAT on contracts with customers represents the VAT component of the contract price of real estate sales to the extent recognized either as installment contract receivables or contract assets.

Advances to officers and employees are noninterest-bearing, unsecured and settled through salary deduction or liquidation.

Advances to raw landowners are noninterest-bearing cash advances pertaining to amounts advanced by the Group to certain raw landowners as down payment for lots to be acquired for future real estate development.

Finance lease receivables pertains to the sublease of certain development rights to a third party. Interest income on the finance lease amounted to P34.4 million, P38.4 million and P42.1 million in 2023, 2022 and 2021, respectively, and are presented as part of Finance Income under Finance and Other Income account in the consolidated statements of comprehensive income (see Note 20.1). The Group has effected the offsetting of payments made directly by the Group's sublessee to the head lessor in relation to its finance lease transaction (see Notes 2.1 and 13).

Other receivables include interest receivable from third parties and receivable from buyers arising from payments of real property taxes initially assumed by the sellers.

All of the Group's trade and other receivables have been reviewed for impairment. In 2023 and 2021, management assessed that no additional impairment loss is needed to be recognized. In 2022, certain rent receivables assessed to be no longer collectible were written off amounting to P34.8 million recognized as Impairment loss as part of Other Operating Expenses under Costs and Expenses in the 2022 consolidated statement of comprehensive income (see Note 21).

As of December 31, 2023 and 2022, certain past due accounts are not provided with allowance for impairment to the extent of the expected market value of the property sold to the customer since the titles to the real estate properties sold remain with the Group until such receivables are fully collected. This assessment is undertaken each financial year using the simplified approach in measuring ECL as fully disclosed in Note 29.2(b).

7. INVENTORIES

Except for the portion of Golf and resorts shares for sale stated at net realizable value, inventories at the end of 2023 and 2022 were stated at cost. The details of inventories are shown below.

	2023	2022
At cost:		
Real estate for sale	**P 12,484,331,868**	P11,477,183,610
Property development cost	**3,206,252,832**	3,104,881,102
Raw land inventory	**2,551,540,292**	2,533,573,625
	18,242,124,992	17,115,638,337
Golf and resort shares for sale at NRV:		
At cost	**3,000,174,317**	2,996,568,569
Allowance for impairment	**(88,411,502)**	(88,411,502)
	2,911,762,815	2,908,157,067
	P 21,153,887,807	P20,023,795,404

Real estate for sale mainly pertains to the accumulated costs incurred in developing the Group's horizontal and condominium projects and certain integrated-tourism projects, including capitalized borrowing costs amounting to P546.3 million and P361.0 million for the years ended December 31, 2023 and 2022, respectively. The said interest was incurred in relation to the interest-bearing loans obtained in 2023, 2022, and 2021 (see Note 15). The capitalization rate averaged 6.70% and 6.13% in 2023 and 2022, respectively.

Property development costs include on-going costs incurred by the Group for its own projects. In addition, this account also includes the costs incurred by the Group for the joint development of various projects that are treated as jointly controlled operations; there were no separate entities created by these joint venture agreements. The jointly controlled operations are undertaken under project agreements with different venture partners. The costs relating to these joint projects represent the amount of investments placed by the Group as original investor/developer or the amount assigned/transferred to the Group by associates or by related parties who were the original investors/developers in the project agreement.

In 2022, the Group reclassified property development cost and real estate for sale with a total carrying amount of P84.1 million to investment properties as such properties are held to earn rentals (see Note 11). Also, the Group reclassified property and equipment with a total carrying amount of P5.9 million to property development cost (see Note 12). There was no similar reclassifications in 2023.

Raw land inventory pertains to acquisition costs of raw land intended for future development of real estate for sale, including other costs and expenses incurred to effect the transfer of title of the property to the Group.

Golf and resort shares for sale pertain to proprietary or membership shares (landowner shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares which is P100 per share.

As at December 31, 2023 and 2022, the Group neither has other contingent liabilities with regard to the joint ventures nor that the probability of loss that may arise from contingent liabilities is remote.

There are no impairment losses recognized in 2023 and 2022.

None of the Group's inventories are used as collateral for its interest-bearing loans and borrowings.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Note	2023	2022
Advances to contractors and suppliers		**P 2,051,161,061**	P1,862,963,725
Input VAT		**904,461,304**	880,577,627
Creditable withholding tax		**571,446,257**	468,480,286
Deferred commission	19.3	**494,720,240**	396,898,739
Prepayments		**339,637,192**	228,445,602
Deferred input VAT		**39,084,903**	26,660,574
Others		**130,609,467**	103,897,408
		4,531,120,424	3,967,923,961
Allowance for impairment		**(18,716,925)**	(18,716,925)
		P4,512,403,499	P3,949,207,036

Advances to contractors and suppliers, which are noninterest-bearing and unsecured, pertain to amounts advanced to the Group's contractors and suppliers as down payment for services to be rendered and goods to be delivered to the Group for the development of real estate projects.

Deferred commission represents incremental costs of obtaining a contract to sell real estate property to customers, which are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized.

9. ADVANCES TO REAL ESTATE PROPERTY OWNERS

This account represents advances to real estate property owners and various charges in connection with several project agreements entered into by the Group. The terms of the agreements provide that the Group will undertake the improvement, subdivision and development of the properties. The agreements further stipulate that the Group and the property owners share either in the form of the developed real estate properties or upon collection of sales proceeds using certain pre-agreed sharing ratios. Collections of the advances from the said property owners are generally received upon sale of property owners' shares in the projects.

The outstanding amounts, net of unearned discount and interest, at the end of the reporting period are as follows:

	2023	2022
Advances to real estate property owners	**P1,364,223,963**	P1,359,363,290
Unearned discount and interest	**(27,356,820)**	(31,260,494)
	P1,336,867,143	P1,328,102,796

The advances to real estate property owners are classified in the consolidated statements of financial position as follows:

	2023	2022
Current	**P 43,536,149**	P 55,896,013
Non-current	**1,293,330,994**	1,272,206,783
	P1,336,867,143	P1,328,102,796

The net commitment for construction expenditures of the Group amounted to:

	2023	2022
Total commitment for construction expenditures	**P6,639,652,108**	P6,593,328,568
Total expenditures incurred	**(6,101,390,891)**	(5,983,247,141)
Net commitment	**P 538,261,217**	P 610,081,427

The list of the Group's jointly controlled projects (which are not jointly-controlled entities) are as follows:

- Alabang West
- Caliraya Spring
- Eastland Heights
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Newport Hills
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- Sta Barbara Heights Shophouse District
- The Hamptons Caliraya

As at December 31, 2023 and 2022, the Group has neither other contingent liabilities with regard to these joint ventures nor has assessed that the probability of loss that may arise from contingent liabilities is remote.

The amortization of unearned discount and interest amounting to P3.9 million in 2023, 2022 and 2021 is presented as part of Finance income under the Finance and Other Income account under the Revenues and Income section in the consolidated statements of comprehensive income (see Note 20.1).

The real estate property owners related to the Alabang West, Pahara @ Southwoods, Eastland Heights and The Hamptons Caliraya projects were charged marketing fees in 2023, 2022 and 2021 amounting to P72.6 million, P68.7 million and P148.5 million, respectively, which are presented as Marketing fees under the Revenues and Income section in the consolidated statements of comprehensive income.

All of the Group's advances have been analyzed for ECL. Based on management's evaluation, the expected loss is not significant [see Note 29.2(c)].

10. INVESTMENTS IN ASSOCIATES AND NON-CONTROLLING INTERESTS

10.1 Investments in Associates

The components of the carrying values of investments in associates accounted for under the equity method at the end of the reporting periods are as follows:

	2023	2022
Acquisition costs - NPI	**P 734,396,528**	P 734,396,528
Accumulated equity share in net losses:		
Balance at beginning of year	**(3,199,293)**	(2,963,576)
Equity share in net income (losses) for the year (see Note 20)	**885,098**	(235,717)
Balance at end of year	**(2,314,195)**	(3,199,293)
	P 732,082,333	P 731,197,235

Investments in FENI, FESI, FERSAI and FERC were written-off in previous years.

Significant influence that exists in these associates is brought about by the Group's provision of essential technical information for the development of the various projects of these investee companies.

The place of incorporation, which is also the principal place of business, of the Group's associates is presented below.

(a) NPI, FESI – Renaissance Towers, Meralco Avenue, Pasig City
(b) FERC, FENI, FERSAI – Paragon Plaza, Reliance St., Mandaluyong City

The aggregated amounts of assets, liabilities, revenues and net loss of NPI are as follows:

	2023	2022
Current assets	**P 140,962,670**	P 253,744,471
Non-current assets	**5,456,228,817**	5,411,008,680
Current liabilities	**1,243,127,835**	1,317,011,624
Revenues	**474**	2,252
Net loss	**3,263,442**	1,683,690

NPI does not have any non-current liabilities as of December 31, 2023 and 2022.

The reconciliation of the above summarized information to the carrying amount of the interest in NPI is as follows:

	2023	2022
Net assets at end of year	**P4,354,063,652**	P4,347,741,527
Equity ownership interest	**14%**	14%
	609,568,911	608,683,813
Nominal goodwill	**122,513,422**	122,513,422
Balance at end of year	**P 732,082,333**	P 731,197,235

The fair values of the associates' shares of stock are not available as of the end of the reporting periods.

Based on the assessment of the management, the investment in an associate is not impaired due to the active efforts of the Group to raise funds in order to push through with the associate's projects.

10.2 Subsidiaries with Material Non-controlling Interests

The Group includes subsidiaries with material NCI, with details shown below.

Name of Subsidiary	Material NCI	Proportion of Ownership Interest and Voting Rights Held by NCI		Profit Allocated to NCI		Accumulated NCI	
		2023	2022	**2023**	2022	**2023**	2022
TLC	Various stockholders	**49%**	49%	**P 120,202,218**	P 89,356,565	**P3,976,438,809**	P 3,856,236,591
SMI	Megaworld	**49%**	49%	**44,021,663**	13,961,642	**1,266,159,496**	1,222,137,833
OPI	Various stockholders	**50%**	50%	**64,906,325**	42,219,772	**458,088,137**	393,181,812
SWEC	Various stockholders	**40%**	40%	**15,746,129**	115,265,709	**446,786,538**	431,040,409

In 2023, SMI, OPI and SWEC declared and paid cash dividends to the NCI amounting to P157.9 million, P50.0 million, and P40.1 million, respectively.

The place of incorporation of TLC, SMI, SWEC and OPI is summarized below.

(a) TLC and SMI – Renaissance Towers, Meralco Avenue, Pasig City
(b) SWEC – Southwoods Ecocentrum, Brgy. Soro-Soro, Biñan, Laguna
(c) OPI – 5th Floor, F&M Lopez II Building, 109 C. Palanca St., Legaspi Village, Makati City

10.3 Interest in Unconsolidated Structured Entities

The Group has no interests in unconsolidated structured entities.

The summarized financial information of TLC, SMI, SWEC and OPI, before intragroup eliminations, are shown below.

	TLC		**SMI**		**SWEC**		**OPI**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Current assets	**P 6,389,344,755**	P 5,589,904,829	**P 514,631,990**	P 685,911,234	**P 972,742,441**	P 1,113,424,476	**P 891,555,932**	P 800,145,973
Non-current assets	**6,233,014,505**	5,905,702,011	**2,667,913,782**	2,788,551,904	**414,235,866**	385,774,223	**723,786,379**	620,655,135
Total assets	**P 12,622,359,260**	P 11,495,606,840	**P 3,182,545,772**	P 3,474,463,138	**P 1,386,978,307**	P 1,499,198,699	**P 1,615,342,311**	P 1,420,801,108
Current liabilities	**P 1,301,624,545**	P 1,030,603,110	**P 673,359,322**	P 700,805,375	**P 186,117,317**	P 301,957,256	**P 673,518,940**	P 543,763,950
Non-current liabilities	**3,062,873,933**	2,452,453,596	**241,730,470**	276,895,823	**218,584,477**	145,636,243	**165,600,711**	130,673,536
Total liabilities	**P 4,364,498,478**	P 3,483,056,706	**P 915,089,792**	P 977,701,198	**P 404,701,794**	P 447,593,499	**P 839,119,651**	P 674,437,486
Equity attributable to shareholders of the Company	**P 4,211,508,999**	P 4,086,400,569	**P 1,156,402,550**	P 1,273,348,094	**P 589,365,908**	P 630,957,660	**P 388,111,330**	P 373,181,811
Non-controlling interests	**P 4,046,351,783**	P 3,926,149,565	**P 1,111,053,430**	P 1,223,413,846	**P 392,910,605**	P 420,638,440	**P 388,111,330**	P 373,181,811
Revenue	**P 1,176,718,608**	P 1,013,251,779	**P 370,649,864**	P 279,518,521	**P 137,269,827**	P 581,427,185	**P 490,278,493**	P 402,557,151
Profit for the year attributable to shareholders of the Company	**P 125,108,430**	P 93,003,771	**P 45,818,466**	P 14,531,493	**P 23,619,193**	P 172,898,564	**P 64,906,325**	P 42,219,772
Profit for the year attributable to NCI	**120,202,218**	89,356,565	**44,021,663**	13,961,642	**15,746,129**	115,265,709	**64,906,325**	42,219,772
Profit for the year	**P 245,310,648**	P 182,360,336	**P 89,840,129**	P 28,493,135	**P 39,365,322**	P 288,164,273	**P 129,812,650**	P 84,439,544
Net cash from (used) in operating activities	**(P 831,030,106)**	(P 885,714,860)	**P 251,628,619**	P 204,864,215	**P 113,544,863**	P 94,205,396	**P 28,352,977**	P 82,158,752
Net cash from (used in) investing activities	**(146,326,683)**	(30,373,506)	**13,240,241**	2,471,384	**3,145,895**	(2,372,386)	**55,378**	26,353
Net cash from (used in) financing activities	**748,588,122**	237,281,308	**(375,749,575)**	(180,151,893)	**(100,000,000)**	-	**-**	(77,980,890)
Effect of foreign exchange rates	**2,015,466**	14,682,204	**-**	-	**-**	-	**-**	-
Net cash inflow (outflow)	**(P 226,753,201)**	(P 664,124,854)	**(P 110,880,715)**	P 27,183,706	**P 16,690,758**	P 91,833,010	**P 28,408,355**	P 4,204,215

TLC, SMI, SWEC and OPI have no other comprehensive income in the years 2023 and 2022; hence, the respective total comprehensive income (loss) of these subsidiaries are the same with the profit recognized in both years.

11. INVESTMENT PROPERTIES

The Group's investment properties comprise of buildings and several parcels of land which are owned to earn rental income or for capital appreciation or for both. The gross carrying amounts and accumulated depreciation and amortization of investment properties at the beginning and end of the reporting periods are show as follows:

	Building and Improvements	Land and Land Development and Improvements	Construction in Progress	Total
December 31, 2023				
Cost	P 6,583,985,438	P 5,554,751,279	P 39,192,350	P 12,177,929,067
Accumulated depreciation and amortization	(1,485,756,002)	(139,705,539)	-	(1,625,461,541)
Net carrying value	**P 5,098,229,436**	**P 5,415,045,740**	**P 39,192,350**	**P 10,552,467,526**
December 31, 2022				
Cost	P 6,531,318,380	P 5,541,498,340	P 51,918,605	P 12,124,735,325
Accumulated depreciation and amortization	(1,279,317,288)	(139,705,539)	-	(1,419,022,827)
Net carrying value	P 5,252,001,092	P 5,401,792,801	P 51,918,605	P 10,705,712,498
December 31, 2021				
Cost	P 6,332,290,543	P 5,626,550,535	P 39,461,099	P 11,998,302,177
Accumulated depreciation and amortization	(1,061,566,024)	(139,705,539)	-	(1,201,271,563)
Net carrying value	P 5,270,724,519	P 5,486,844,996	P 39,461,099	P 10,797,030,614

A reconciliation of the carrying amounts of investment properties at the beginning and end of the reporting periods is as follows:

	Building and Improvements	Land and Land Development and Improvements	Construction in Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 5,252,001,092	P 5,401,792,801	P 51,918,605	P 10,705,712,498
Additions	28,099,715	13,252,939	11,841,088	53,193,742
Reclassifications	24,567,343	-	(24,567,343)	-
Depreciation and amortization charges for the year	(206,438,714)	-	-	(206,438,714)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 5,098,229,436**	**P 5,415,045,740**	**P 39,192,350**	**P 10,552,467,526**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 5,270,724,519	P 5,486,844,996	P 39,461,099	P 10,797,030,614
Additions	15,071,042	14,810,894	12,457,506	42,339,442
Reclassifications (see Note 7)	183,956,795	(99,863,089)	-	84,093,706
Depreciation and amortization charges for the year	(217,751,264)	-	-	(217,751,264)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 5,252,001,092	P 5,401,792,801	P 51,918,605	P 10,705,712,498
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 5,155,359,423	P 5,630,537,053	P 38,857,749	P 10,824,754,225
Additions	94,590,654	72,453,680	603,350	167,647,684
Reclassifications (see Note 7)	247,599,940	(216,145,737)	-	31,454,203
Depreciation and amortization charges for the year	(226,825,498)	-	-	(226,825,498)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 5,270,724,519	P 5,486,844,996	P 39,461,099	P 10,797,030,614

Rental revenues recognized in 2023, 2022 and 2021 amounted to P551.6 million, P456.0 million and P408.9 million, respectively, and are presented as Rental Income account under Revenues and Income section of the consolidated statements of comprehensive income [see Notes 19.1 and 25.2(a)]. Depreciation charges substantially represent the direct costs in leasing these properties. Other operating costs in leasing these properties include Real property taxes amounting to P41.9 million, P38.6 million and P56.1 million in 2023, 2022 and 2021, respectively, and Repairs and maintenance amounting to P12.4 million, P0.4 million and P6.4 million in 2023, 2022 and 2021, respectively. Real property taxes is included as part of Taxes and licenses while Repairs and maintenance is presented under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 21).

Except for the Construction in progress and land held for undetermined future use, all of the Group's investment properties generated rental income as at December 31, 2023 and 2022. In 2023 and 2022, there are no contractual commitments for construction-in-progress projects.

Based on management's estimate, the fair value of building and improvements amounted to P15,338.6 million and P9,935.8 million as determined by calculating the present value of the cash inflows anticipated until the end of the life of the investment properties using a discount rate of 7.80% and 8.61% as at December 31, 2023 and 2022, respectively.

On the other hand, the fair value of land and land development and improvements amounted to P31,697.9 million and P30,413.5 million as determined through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property as at December 31, 2023 and 2022.

Moreover, the carrying value of construction in progress approximates its fair value as of December 31, 2023 and 2022.

Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 31.3.

None of the Group's investment properties are used as collateral for its interest-bearing loans and borrowings.

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of the reporting periods are as follows:

	Land	Building	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Building and Office Improvements	Total
December 31, 2023						
Cost	P 1,600,000	P 1,165,621,185	P 372,285,946	P 340,778,022	P 161,903,693	P 2,042,188,846
Accumulated depreciation and amortization	-	(436,786,983)	(299,526,256)	(322,123,817)	(103,928,600)	(1,162,365,656)
Net carrying amount	**P 1,600,000**	**P 728,834,202**	**P 72,759,690**	**P 18,654,205**	**P 57,975,093**	**P 879,823,190**
December 31, 2022						
Cost	P 1,600,000	P 1,165,621,185	P 325,454,151	P 328,212,248	P 152,975,382	P 1,973,862,966
Accumulated depreciation and amortization	-	(423,169,764)	(270,259,428)	(310,365,078)	(86,298,448)	(1,090,092,718)
Net carrying amount	P 1,600,000	P 742,451,421	P 55,194,723	P 17,847,170	P 66,676,934	P 883,770,248

	Land	Building	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Building and Office Improvements	Total
January 1, 2022						
Cost	P 1,600,000	P 1,159,750,023	P 297,896,101	P 320,275,461	P 147,112,259	P 1,926,633,844
Accumulated depreciation and amortization	-	(403,602,283)	(245,210,310)	(295,184,988)	(70,100,355)	(1,014,097,936)
Net carrying amount	P 1,600,000	P 756,147,740	P 52,685,791	P 25,090,473	P 77,011,904	P 912,535,908

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

	Land	**Building**	**Office Furniture, Fixtures and Equipment**	**Transportation and Other Equipment**	**Building and Office Improvements**	**Total**
Balance at January 1, 2023 net of accumulated depreciation and amortization	P 1,600,000	P 742,451,421	P 55,194,723	P 17,847,170	P 66,676,934	P 883,770,248
Additions	-	-	46,831,795	12,945,238	8,928,311	68,705,344
Disposals	-	-	-	(379,464)	-	(379,464)
Depreciation and amortization charges for the year	-	(13,617,219)	(29,266,828)	(11,758,739)	(17,630,152)	(72,272,938)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 1,600,000**	**P 728,834,202**	**P 72,759,690**	**P 18,654,205**	**P 57,975,093**	**P 879,823,190**
Balance at January 1, 2022 net of accumulated depreciation and amortization	P 1,600,000	P 756,147,740	P 52,685,791	P 25,090,473	P 77,011,904	P 912,535,908
Additions	-	-	27,606,747	8,048,021	5,863,123	41,517,891
Disposals	-	-	-	(111,235)	-	(111,235)
Reclassifications (see Note 7)	-	(5,871,162)	(48,697)	-	-	(5,919,859)
Depreciation and amortization charges for the year	-	(7,825,157)	(25,049,118)	(15,180,089)	(16,198,093)	(64,252,457)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 1,600,000	P 742,451,421	P 55,194,723	P 17,847,170	P 66,676,934	P 883,770,248
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 1,600,000	P 780,113,425	P 63,559,531	P 33,393,453	P 61,695,022	P 940,361,431
Additions	-	-	15,342,224	6,384,233	54,565,232	76,291,689
Disposals	-	-	(87,321)	-	-	(87,321)
Reclassifications (see Note 7)	-	-	-	-	(23,070,224)	(23,070,224)
Depreciation and amortization charges for the year	-	(23,965,685)	(26,128,643)	(14,687,213)	(16,178,126)	(80,959,667)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 1,600,000	P 756,147,740	P 52,685,791	P 25,090,473	P 77,011,904	P 912,535,908

In 2022, the Group reclassified property and equipment with a total carrying amount of P5.9 million to property development cost (see Note 7). There was no similar reclassification in 2023.

Depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of comprehensive income (see Note 21).

The Group's fully depreciated assets that are still being used in operations has a total original cost of P667.1 million and P626.5 million as at December 31, 2023 and 2022, respectively.

None of the Group's property and equipment are used as collateral for its interest-bearing loans and borrowings.

13. LEASES

The Group, as a lessee, has leases for certain offices and commercial lots. With the exception of short-term leases, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet 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. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over offices, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group incur maintenance fees on such items in accordance with the lease contracts.

In 2023, the Group entered into a new lease agreement with a third party for a lease of office space which resulted to a recognition of right-of-use assets and lease liabilities amounting to P2.8 million. The Company also pre-terminated one of its lease contracts which resulted to a gain on pre-termination amounting to P0.5 million presented as part of Gain on derecognition of payables under Finance and Other Income in the 2023 consolidated statement of comprehensive income (see Note 20.1). There was no similar transaction in 2022 and 2021.

In 2021, the Company entered into a new lease agreement with its parent company, Megaworld, for a lease of office space in Fort Bonifacio in Taguig City which resulted to a recognition of right-of-use asset amounting to P68.2 million and lease liability amounting to P62.1 million. No similar transactions in 2023 and 2022.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	**Range of remaining term**	**Average remaining lease term**	**Number of leases with extension options**	**Number of leases with termination options**
December 31, 2023					
Offices	4	1 – 3 years	2 years	3	3
Commercial lot	1	14 years	14 years	1	1
December 31, 2022					
Offices	3	1 – 3 years	3 years	3	3
Commercial lot	1	15 years	15 years	1	1

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

	Offices	Commercial Lot	Total
December 31, 2023			
Cost			
Balance at beginning of year	P 180,073,145	P 25,654,963	P 205,728,108
Additions	2,768,389	-	2,768,389
Derecognition	(2,092,605)	-	(2,092,605)
Balance at end of year	180,748,929	25,654,963	206,403,892
Accumulated amortization			
Balance at beginning of year	84,470,856	5,473,060	89,943,916
Amortization for the year	30,713,154	1,368,265	32,081,419
Derecognition	(1,602,981)	-	(1,602,981)
Balance at end of year	113,581,029	6,841,325	120,422,354
Carrying amount at December 31, 2023	**P 67,167,900**	**P 18,813,638**	**P 85,981,538**
December 31, 2022			
Cost			
Balance at beginning and end of year	P 180,073,145	P 25,654,963	P 205,728,108
Accumulated amortization			
Balance at beginning of year	51,464,255	4,104,795	55,569,050
Amortization for the year	33,006,601	1,368,265	34,374,866
Balance at end of year	84,470,856	5,473,060	89,943,916
Carrying amount at December 31, 2022	P 95,602,289	P 20,181,903	P 115,784,192

Amortization of the Group's right-of-use assets is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of comprehensive income (see Note 21).

13.2 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at December 31 as follows:

	2023	2022 [As Restated – see Note 2.1(c)]
Current	**P 38,660,181**	P 34,166,129
Non-current	**371,700,567**	408,618,892
	P 410,360,748	P 442,785,021

The carrying amounts of the Group's lease liabilities as at December 31 and the movements during the periods are shown below.

	Note	2023	2022 [As Restated – see Note 2.1(c)]
Balance at beginning of year		**P 442,785,021**	P 471,942,787
Additions		**2,768,389**	-
Interest amortization		**34,125,389**	36,035,226
Derecognition		**(979,248)**	-
Repayment of lease liabilities		**(42,139,685)**	(39,622,755)
Offsetting	6	**(26,199,118)**	(25,570,237)
Balance at end of year		**P 410,360,748**	P 442,785,021

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The undiscounted maturity analysis of lease liabilities at December 31, 2023 and 2022 is 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, 2023							
Lease payment	P 69,653,561	P 61,183,380	P 28,993,255	P 27,149,002	P 28,020,419	P 663,229,875	P 878,229,492
Finance charges	(30,993,380)	(27,912,858)	(26,439,824)	(26,345,415)	(26,248,242)	(329,929,025)	(467,868,744)
Net present value	**P 38,660,181**	**P 33,270,522**	**P 2,553,431**	**P 803,587**	**P 1,772,177**	**P333,300,850**	**P 410,360,748**
December 31, 2022 [As Restated – see Note 2.1 (c)]							
Lease payment	P 67,803,122	P 69,740,971	P 59,057,830	P 28,993,255	P 27,149,002	P 691,250,294	P 943,994,474
Finance charges	(33,636,993)	(30,846,284)	(27,763,670)	(26,439,824)	(26,345,415)	(356,177,267)	(501,209,453)
Net present value	P 34,166,129	P 38,894,687	P 31,294,160	P 2,553,431	P 803,587	P335,073,027	P 442,785,021

13.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases. 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 expenses related to short-term leases amounted to P86.7 million, P58.6 million and P35.2 million for the years ended December 31, 2023, 2022 and 2021, respectively, and are presented as part of Other Operating Expenses and as part of Cost of Hotel Operations account in the consolidated statements of comprehensive income (see Notes 21 and 22.3).

At December 31, 2023 and 2022, the Group is committed to short-term leases, and the total commitment at those dates are P15.0 million and P12.3 million, respectively.

13.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P42.1 million and P39.6 million in 2023 and 2022, respectively. Interest expense in relation to lease liabilities amounted to P34.1 million and P36.0 million in 2023 and 2022, respectively, and is presented as part of Finance Costs and Other Charges in the consolidated statements of comprehensive income (see Note 20.2).

14. OTHER NON-CURRENT ASSETS

This account consists of:

	Notes	2023	2022
Refundable deposits	29.2	**P 89,278,118**	P 91,036,127
Deferred tax assets – net	24	**69,522,802**	49,656,107
Software – net		**4,888,500**	4,886,272
Others		**2,370,689**	2,612,365
		P 166,060,109	P 148,190,871

The Company has acquired software amounting to P2.9 million and P3.6 million in 2023 and 2022, respectively. Amortization for the Group's software amounting to P2.9 million and P2.1 million in 2023 and 2022, respectively, are presented as part of Depreciation and Amortization under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 21).

As of December 31, 20223 and 2022, management assessed that the Group's other non-current assets are fully recoverable. As such, no impairment losses are recognized in 2023 and 2022.

15. INTEREST-BEARING LOANS

The Group's interest-bearing loans are broken down as follows:

	2023	2022
Current	**P1,527,430,205**	P1,587,254,907
Non-current	**7,966,639,384**	6,018,414,593
	P9,494,069,589	P7,605,669,500

In December 2023, the Company obtained a P1,500.0 million unsecured, interest-bearing loan with a term of five years from Banco De Oro Unibank, Inc. (BDO) with principal to be paid in equal quarterly installments, after one year grace period. This loan carries a floating interest rate, subject to repricing every quarter based on prevailing market rate. The interest is payable quarterly in arrears. The carrying value of the related loan as at December 31, 2023 is P1,488.9 million.

In June 2023, TLC obtained a P1,500.0 million unsecured, interest-bearing loan with a term of five years from Unionbank of the Philippines (UB). The loan is payable in equal quarterly amortizations beginning June 2024. This loan bears a floating interest rate and subject to quarterly repricing. Interest shall be payable quarterly in arrears. The outstanding balance of the related loan as at December 31, 2023 is P1,500.0 million.

In May 2023, the Company availed a P2,000.0 million unsecured, interest-bearing loans from China Banking Corporation with a term of five years payable in twelve quarterly amortization to commence on August 2025. The loan carries a floating interest rate and subject to semi-annual repricing. Interest shall be payable quarterly in arrears. The carrying value of these loans amounted to P1,986.8 million as at December 31, 2023.

The Company and TLC obtained unsecured, interest-bearing loans from Megaworld in the last quarter of 2022 and 2021 amounting to P1,500.0 million and P2,000.0 million, respectively. These loans bear a fixed interest rate of 6.33% and shall be payable for a maximum term of 16 months for the loan obtained in 2022 and for a maximum period of eight years for the loan obtained in 2021. As of December 31, 2023 and 2022, the related outstanding balance of these loans is P2,000.0 million and P3,500.0 million, respectively (see Note 25.8). The loan obtained in 2022 was fully paid in 2023.

TLC also obtained another unsecured, interest-bearing loan from Megaworld in the last quarter of 2021 amounting to P129.0 million with an interest rate of 6.00% and shall be payable for a maximum term of five years. The outstanding balance of the related loan is P129.0 million as at December 31, 2023, and 2022 (see Note 25.8).

The Company availed unsecured, interest-bearing loans from Rizal Commercial Banking Corporation (RCBC) in 2021 and 2020. The loan obtained in 2021 amounting to P500.0 million is payable quarterly with a term of seven years and the loan obtained in 2020 amounting to P500.0 million is payable quarterly with a term of seven years. The floating interest rate for these loans are ranging from 3.64% to 8.55% and is payable quarterly in arrears. The outstanding balance of these loans amounted to P800.0 million and P1,000.0 million as at December 31, 2023 and 2022, respectively.

The Company availed unsecured, interest-bearing loans from UB in 2021 and 2020. The loan obtained in 2021 amounting P1,000.0 million, bearing a fixed interest rate of 5.37%, is payable quarterly in arrears, for a term of five years. The loan obtained in 2020 amounting to P1,000.0 million is payable for a term of five years bearing a fixed rate 5.26% and is payable quarterly in arrears. The outstanding balance pertaining to this loan amounted to P1,166.4 million and P1,833.4 million as of December 31, 2023 and 2022, respectively.

In March 2020, TLC obtained additional unsecured, interest-bearing loan from BDO amounting to P500.0 million. The loan bears a floating interest rates ranging from 5.0% to 7.0% subject to 30 days to 180 days repricing. Quarterly installments beginning November 2020 are due until the loan is fully settled in 2024 for this interest-bearing loan. The outstanding balance pertaining to these loans amounted to P93.7 million and P218.7 million as at December 31, 2023 and 2022, respectively.

In 2019, the Company and TLC obtained unsecured, long-term loans from BDO totalling to P2,500.0 million, payable quarterly for a term of five years. The loan amounting to P2,000.0 million bears a floating interest rate ranging from 4.75% to 6.75% and is payable quarterly in arrears. The other P500.0 million is used for the funding requirements of the construction of projects in Twin Lakes Tagaytay. The total outstanding balance pertaining from these loans amounted to P328.9 million and P924.6 million as of December 31, 2023 and 2022, respectively.

In December 2017, the Company obtained an unsecured, long-term loan from RCBC amounting to P2,000.0 million. The loan is payable quarterly for a term of five years commencing on the beginning of the fifth quarter from the initial drawdown date. The loan bear a floating interest rate and is payable quarterly in arrears. The loan was fully paid in 2022.

The Group has properly complied with the loan agreements' covenants as of the end of the reporting period (see Note 32).

The total accrued interest payable amounted to P13.4 million and P17.8 million as of December 31, 2023 and 2022, respectively, is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

Total interest costs incurred attributable to these loans amounted to P554.0 million and P383.1 million in 2023 and 2022, respectively. Of these amounts, P546.3 million and P361.0 million in 2023 and 2022, respectively, were capitalized by the Company as part of Inventories account (see Note 7). Interest charged to expense is presented as part of Finance costs under Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 20.2). Average capitalization rate used in determining the amount of interest charges qualified for capitalization is 6.70%, 6.13% and 4.82% in 2023, 2022 and 2021, respectively.

16. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2023**	2022
Trade payables		**P 3,081,192,722**	P 2,888,601,181
Accrued expenses	15, 26.3	**697,424,183**	513,913,956
Retention payable		**307,382,414**	268,443,371
Liabilities for land acquisition		**93,793,090**	114,706,871
Income tax payable		**29,814,393**	5,316,390
Others		**368,675,809**	273,607,265
		P 4,578,282,611	P 4,064,589,034

Trade payables mainly represent obligations to subcontractors and suppliers of construction materials for the Group's projects.

Accrued expenses represent accruals for commission, utilities, professional fees, outside services, interest and other expenses incurred in the normal operations of the Group.

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. Upon completion of the contracted projects, the amounts are remitted back to the contractors. Those which are due to be remitted beyond 12 months from the end of the reporting period is presented as part of Other Non-current Liabilities in the consolidated statements of financial position (see Note 18).

Liabilities for land acquisition represent the unpaid portion of raw land acquired by the Group for the development of real estate projects.

Other payables consist primarily of refund liability, unearned rentals, payables to government and other regulatory agencies. In 2023, the Company derecognized certain liabilities amounting to P58.0 million which resulted to a gain on derecognition of payables presented as part of Finance and Other Income (see Note 20.1). There was no similar transaction in 2022.

17. DUE TO JOINT VENTURE PARTNERS

This account represents the share of joint venture partners in the proceeds from the sale of certain projects in accordance with various joint venture agreements entered into by the Group.

The account pertains to payables to golf share partners and lot owners amounting to P493.2 million and P386.7 million as of December 31, 2023 and 2022 respectively. The total amounts are currently due and demandable and presented under the Current Liabilities section of the consolidated statements of financial position.

18. OTHER NON-CURRENT LIABILITIES

The details of the account are as follows:

	Note	2023	2022
Retention payable	16	**P 438,802,308**	P 420,703,928
Security deposits		**41,259,837**	84,539,848
Advance rental		**12,120,933**	4,443,846
Others		**2,844,321**	3,431,276
		P 495,027,399	P 513,118,898

19. REVENUES

19.1 Disaggregation of Revenues

The Group derives revenues mainly from sale of real properties, rentals and hotel operations. An analysis of the Group's major sources of revenues is presented below and in the succeeding page.

	Segments			
	Real Estate	**Hotel Operations**	**Rentals**	**Total**
2023				
Geographical areas:				
Luzon	P 3,707,644,647	P 275,268,760	P 545,969,962	P 4,528,883,369
Visayas	2,801,184,468	291,896,446	5,589,843	3,098,670,757
	P 6,508,829,115	**P 567,165,206**	**P 551,559,805**	**P 7,627,554,126**
Types of product or services:				
Residential lots	P 3,830,916,112	P -	P -	P 3,830,916,112
Residential condominium	1,687,354,489	-	-	1,687,354,489
Commercial lots and spaces	990,558,514	-	-	990,558,514
Room accommodation	-	402,993,730	-	402,993,730
Food and beverage	-	164,171,476	-	164,171,476
Rentals	-	-	551,559,805	551,559,805
	P 6,508,829,115	**P 567,165,206**	**P 551,559,805**	**P 7,627,554,126**
2022				
Geographical areas:				
Luzon	P 4,283,287,200	P 244,958,429	P 432,394,731	P 4,960,640,360
Visayas	1,616,566,922	175,511,646	23,567,259	1,815,645,827
	P 5,899,854,122	P 420,470,075	P 455,961,990	P 6,776,286,187
Types of product or services:				
Residential lots	P 3,057,218,929	P -	P -	P 3,057,218,929
Residential condominium	2,312,348,898	-	-	2,312,348,898
Commercial lots and spaces	530,286,295	-	-	530,286,295
Room accommodation	-	296,259,430	-	296,259,430
Food and beverage	-	124,210,645	-	124,210,645
Rentals	-	-	455,961,990	455,961,990
	P 5,899,854,122	P 420,470,075	P 455,961,990	P 6,776,286,187

	Segments			
	Real Estate	Hotel Operations	Rentals	Total
2021				
Geographical areas:				
Luzon	P 2,348,391,884	P 121,284,615	P 382,197,507	P 2,851,874,006
Visayas	1,368,922,270	24,665,788	26,732,397	1,420,320,455
	P 3,717,314,154	P 145,950,403	P 408,929,904	P 4,272,194,461
Types of product or services:				
Residential lots	P 1,458,599,235	P -	P -	P 1,458,599,235
Residential condominium	2,210,765,295	-	-	2,210,765,295
Commercial lots and spaces	47,949,624	-	-	47,949,624
Room accommodation	-	90,922,737	-	90,922,737
Food and beverage	-	55,027,666	-	55,027,666
Rentals	-	-	408,929,904	408,929,904
	P 3,717,314,154	P 145,950,403	P 408,929,904	P 4,272,194,461

19.2 Contract Accounts

The significant changes in the contract assets and liabilities balances during the year are presented below:

a. Contract Assets

The Group's contract assets are classified as follows:

	2023	2022
Current	**P4,002,000,089**	P 3,438,659,294
Non-current	**1,805,263,926**	1,062,583,443
	P5,807,264,015	P 4,501,242,737

The significant changes in the contract assets balances during the year are as follows:

	2023	2022
Balance at beginning of year	**P4,501,242,737**	P3,147,300,186
Increase as a result of changes in measurement of progress	**1,836,317,685**	1,353,942,551
Transfers from contract assets recognized at the beginning of year to installment contract receivables	**(530,296,407)**	-
Balance at end of year	**P5,807,264,015**	P4,501,242,737

b. Contract Liabilities

The Group's contract liabilities is classified as follows:

	2023	2022
Current	**P 479,315,525**	P 595,562,676
Non-current	**446,497,334**	310,926,830
	P 925,812,859	P 906,489,506

The significant changes in the contract liabilities balances during the year are as follows:

	2023	2022
Balance at beginning of year	**P 906,489,506**	P 758,668,433
Change due to cash received excluding amount recognized as revenue during the year	**83,582,693**	148,479,900
Revenue recognized from contract liability at the beginning of year	**(64,259,340)**	(658,827)
Balance at end of year	**P 925,812,859**	P 906,489,506

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets account in the consolidated statements of financial position (see Note 8). These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization for 2023, 2022 and 2021 is presented as part of Commissions under Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 21).

The movements in balances of deferred commission is presented below.

	Notes	2023	2022
Balance at beginning of year		**P 396,898,739**	P 299,438,713
Additions for the year		**280,436,434**	302,810,493
Amortization for the year	21	**(182,614,933)**	(205,350,467)
Balance at end of year	8	**P 494,720,240**	P 396,898,739

19.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2023 and 2022 is P3,660.8 million and P4,504.7 million, respectively. The Group expects to recognize revenue from unsatisfied contracts as of December 31 as summarized below:

	2023	2022
Within a year	**P2,026,435,981**	P2,088,123,553
More than one year to three years	**1,268,761,166**	2,165,197,092
More than three years to five years	**365,612,460**	251,385,826
	P 3,660,809,607	P4,504,706,471

20. FINANCE INCOME AND FINANCE COSTS

20.1 Finance and Other Income

Presented below are the details of this account.

	Notes		**2023**		2022		2021
Finance income	5, 6, 9	**P**	**256,239,353**	P	244,526,620	P	177,933,238
Gain on derecognition of payables	13, 16		**58,504,431**		20,121,398		106,187,235
Foreign currency gains – net			**7,868,325**		29,525,566		15,262,638
Miscellaneous	10.1		**124,928,716**		52,734,006		134,585,431
		P	**447,540,825**	P	346,907,590	P	433,968,542

Miscellaneous income includes forfeiture of reservation fees from customers and other income of the Group.

20.2 Finance Costs and Other Charges

Presented below are the details of this account.

	Notes		**2023**		2022		2021
Loss on refund and sales cancellations		**P**	**280,950,630**	P	298,886,075	P	106,759,954
Finance costs	13, 15, 23.2, 25.4 25.8, 26.3		**89,107,491**		90,703,736		113,752,201
Miscellaneous	10.1		**-**		2,722,684		594,473
		P	**370,058,121**	P	392,312,495	P	221,106,628

A loss on refund is recognized when the customer is entitled for a refund on sales cancellation.

21. OPERATING EXPENSE BY NATURE

Presented below are the details of this account.

	Notes	2023	2022	2021
Cost of real estate sales	22.1	**P 2,798,985,876**	P 2,144,625,053	P 1,628,491,489
Salaries and employee benefits	23.1	**713,866,818**	584,395,469	497,878,971
Depreciation and amortization	11, 12, 13, 14	**313,717,063**	318,484,433	356,424,161
Commissions	19.3, 25.5	**197,854,996**	212,377,045	82,958,503
Taxes and licenses	11	**171,153,805**	183,556,601	129,638,059
Professional fees and outside services		**115,090,148**	131,974,787	94,886,741
Utilities and supplies		**111,924,674**	106,417,168	65,917,544
Rental	13.3	**86,674,488**	58,621,042	35,212,264
Transportation		**49,930,739**	23,560,334	15,217,638
Food and beverages		**37,021,102**	33,384,815	17,956,448
Repairs and maintenance	11	**34,186,550**	24,611,287	10,196,603
Advertising and promotions		**30,698,004**	24,804,176	21,346,530
Representation		**11,701,050**	17,335,364	4,033,292
Gas and oil		**6,374,986**	13,546,173	6,847,679
Impairment loss	6	**-**	34,776,037	-
Miscellaneous	25.6	**357,785,422**	236,144,070	126,272,460
		P 5,036,965,721	P 4,148,613,854	P 3,093,278,382

Miscellaneous expenses mainly include insurance, membership dues, communication expense, service fees charged by a stockholder and cost of materials and overhead incurred in relation to the maintenance of the golf course.

These expenses are classified in the consolidated statements of comprehensive income as follows:

	Note	2023	2022	2021
Cost of real estate sales	22.1	**P 2,798,985,876**	P 2,144,625,053	P 1,628,491,489
Cost of rentals and services	22.2	**365,948,174**	319,643,144	344,233,070
Cost of hotel operations	22.3	**297,442,621**	191,572,019	75,864,785
Other operating expenses		**1,574,589,050**	1,492,773,638	1,044,689,038
		P 5,036,965,721	P 4,148,613,854	P 3,093,278,382

22. DIRECT COSTS

22.1 Cost of Real Estate Sales

The composition of the cost of real estate sales for the years ended December 31 are as follows:

	Note	**2023**	2022	2021
Construction costs		**P 2,484,987,792**	P 1,828,425,755	P 1,510,858,245
Borrowing cost		**175,816,326**	82,702,352	41,227,502
Land cost		**138,181,758**	233,496,946	76,405,742
	21	**P 2,798,985,876**	P 2,144,625,053	P 1,628,491,489

22.2 Cost of Rentals and Services

The composition of the cost of rentals for the years ended December 31 are as follows:

	Notes	**2023**	2022	2021
Depreciation and amortization	21	**P 223,121,907**	P 225,705,609	P 228,490,621
Maintenance	11	**68,621,754**	48,158,896	49,444,463
Salaries and employee benefits		**20,767,531**	11,728,514	15,305,455
Civil works and survey		**17,973,577**	12,829,308	9,513,277
Land development and construction		**15,941,904**	11,379,126	24,958,339
Landscaping		**12,057,775**	8,606,685	15,651,499
Rental expense		**461,412**	227,500	227,500
Transportation and travel		**155,424**	20,200	58,941
Miscellaneous		**6,846,890**	987,306	582,975
	21	**P 365,948,174**	P 319,643,144	P 344,233,070

22.3 Cost of Hotel Operations

The composition of the cost of hotel operations for the years ended December 31 are as follows:

	2023	2022	2021
Salaries and employee benefits	**P 97,087,280**	P 62,508,324	P 26,140,571
Rent expense	**41,548,317**	25,650,817	-
Food and beverage	**37,021,102**	33,384,815	17,956,448
Utilities	**29,380,947**	24,696,118	19,651,448
Transportation	**22,720,596**	4,982,764	-
Supplies	**15,329,174**	15,193,291	-
Commission	**15,240,063**	7,026,578	611,822
Depreciation	**8,568,570**	3,713,316	5,489,754
Repairs and maintenance	**1,484,508**	64,445	928,121
Outside services	**129,262**	-	1,666,375
Miscellaneous	**28,932,802**	14,351,551	3,420,246
	P 297,442,621	P 191,572,019	P 75,864,785

Miscellaneous includes expenses for laundry and dry cleaning, clubs bookings, and communication expenses.

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits

Salaries and employee benefits which are presented as part of Other Operating Expenses in the consolidated statements of comprehensive income are shown below.

	Notes	2023	2022	2021
Short-term benefits		**P 702,537,215**	P 552,744,375	P 458,717,227
Post-employment defined benefit	23.2	**11,329,603**	31,651,094	39,161,744
	21	**P 713,866,818**	P 584,395,469	P 497,878,971

23.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Group has an unfunded, non-contributory defined benefit plan covering all regular employees. The plan provides for lump-sum benefits equivalent to 85% to 150% of the employee's monthly salary for every year of service depending on the number of years of service. The normal retirement age is 60 years old and applicable upon completion of five years of faithful and continuous service to the Group. However, an employee who attains the age of 50 with the completion of no less than 10 years of service or has completed 15 years of service and opts for an early retirement is likewise entitled to the same benefits.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2023 and 2022.

The movements in present value of the retirement benefit obligation are as follows:

	2023	2022
Balance at beginning of year	**P 111,012,219**	P 127,234,441
Current service cost	**11,329,603**	31,651,094
Interest expense	**8,636,453**	6,475,350
Benefits shouldered by the Group	**(143,430)**	(23,903)
Benefits paid	**-**	(1,661,842)
Past service cost	**-**	(771,837)
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**12,596,615**	(39,061,196)
Experience adjustments	**(1,053,100)**	(12,022,671)
Demographic assumptions	**240,109**	(807,217)
Balance at end of year	**P 142,618,469**	P 111,012,219

The amounts of post-employment benefit recognized in the consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Reported in profit or loss:			
Current service cost	**P 11,329,603**	P 31,651,094	P 39,161,744
Interest cost	**8,636,453**	6,475,350	4,698,369
Net transferred liabilities	**(143,430)**	(23,903)	-
Past service cost	**-**	(771,837)	-
	P 19,822,626	P 37,330,704	P 43,860,113
Reported in other comprehensive loss (income) –			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	**P 12,596,615**	(P 39,061,196)	(P 40,875,656)
Experience adjustments	**(1,053,100)**	(12,022,671)	6,872,744
Demographic assumptions	**240,109**	(807,217)	-
	P 11,783,624	(P 51,891,084)	(P 34,002,912)

The amounts of current service cost incurred are presented as part of Salaries and employee benefits under Other Operating Expenses account in the consolidated statements of comprehensive income (see Notes 21 and 23.1). The amounts of interest expense related to the retirement benefit obligation are presented as part of Finance costs under the Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 20.2).

The amount recognized in other comprehensive income is included as an item that will not be reclassified subsequently to profit or loss.

In determining the amount of retirement benefit obligation, the following actuarial assumptions were used for the reporting periods:

	2023	2022	2021
Discount rates	**6.10% - 6.66%**	7.30% - 7.85%	3.27% - 5.12%
Expected rate of salary increase	**1.00% - 4.00%**	3.00% - 4.00%	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average expected remaining working life of employees retiring at the age of 60 is 36 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 a zero coupon bond 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 interest rate risk and longevity and salary risks.

(i) Interest Risk

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.

(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 and the Group's timing and uncertainty of future cash flows related to the retirement plan are described as follows.

(i) Sensitivity Analysis

	Impact on Retirement Benefit Obligation		
	Change in Assumptions	**Increase in Assumptions**	**Decrease in Assumptions**
December 31, 2023			
Discount rate	**+/- 0.5% - 1.0%**	**(P 6,213,804)**	**P 7,044,862**
Salary increase rate	**+/- 1.0%**	**14,238,518**	**(11,136,807)**
December 31, 2022			
Discount rate	+/- 0.5% - 1.0%	(P 2,612,127)	P 11,164,269
Salary increase rate	+/- 1.0%	4,452,082	(7,656,142)

The 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 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) Funding Arrangements and Expected Contributions

The plan is currently unfunded as at December 31, 2023. While there is no minimum funding requirement in the country, the non-funding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

As at December 31, 2023, the Group is yet to determine how much and when to fund the post-employment benefit plan.

The maturity profile for the next 20 years of undiscounted expected benefit payments from the plan follows:

		2023		2022
Within one year	**P**	**13,257,926**	P	5,225,218
More than one year to five years		**40,768,665**		27,659,815
More than five years to 10 years		**54,450,306**		64,142,945
More than 10 years to 15 years		**103,066,870**		71,960,054
More than 15 years to 20 years		**374,520,328**		360,931,366
	P	**586,064,095**	P	529,919,398

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15.0 years.

24. CURRENT AND DEFERRED TAXES

On March 26, 2021, Republic Act (R.A.) 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% or 20% 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 starting July 1, 2023, the MCIT will return to its previous 2% rate; and
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

The components of tax expense (income) as reported in the consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Reported in profit or loss:			
Current tax expense (income):			
RCIT at 25% or 20%	**P 216,257,823**	P 143,425,909	P 181,323,703
Final taxes at 20% and 15%	**7,778,376**	7,514,090	1,746,291
MCIT at 1.5% in 2023, 1% in 2022 and 2021	**3,252,971**	855,038	5,126,919
Effect of change in income tax rate	**-**	-	(16,004,614)
	227,289,170	151,795,037	172,192,299
Deferred tax expense relating to:			
Origination and reversal of temporary differences	**594,123,620**	551,008,578	350,780,647
Effect of the change in income tax rate	**-**	-	(345,936,587)
	594,123,620	551,008,578	4,844,060
	P 821,412,790	P 702,803,615	P 177,036,359
Reported in other comprehensive income (loss):			
Deferred tax expense (income) relating to remeasurements of retirement benefit plan	**P 2,945,906**	(P 12,972,771)	(P 8,500,728)
Effect of the change in income tax rate	**-**	-	(544,890)
	P 2,945,906	(P 12,972,771)	(P 9,045,618)

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

	2023	2022	2021
Tax on pretax profit at 25% or 20%	**P 826,415,120**	P 794,102,015	P 417,932,350
Adjustments for income subjected to lower income tax rates	**(1,951,126)**	(1,899,616)	(405,776)
Tax effects of:			
Non-taxable income	**(137,506,480)**	(140,406,512)	(21,982,584)
Non-deductible expenses	**126,192,867**	66,991,530	132,267,624
Excess MCIT over RCIT	**8,815,168**	-	-
Unrecognized deferred tax assets	**(3,762,031)**	3,174,246	10,334,703
Expiration of net operating loss carry over (NOLCO)	**1,870,239**	-	-
Non-deductible interest expense	**944,905**	1,227,120	355,713
Reversal of temporary differences	**394,128**	(4,907,508)	-
Application of NOLCO	**-**	(15,477,660)	-
Income tax expense from previously unrecognized deferred tax liabilities	**-**	-	475,530
Effect of the change in income tax rate	**-**	-	(361,941,201)
Tax expense	**P 821,412,790**	P 702,803,615	P 177,036,359

The Group's deferred tax liabilities and deferred tax assets relate to the following as at December 31:

	2023	2022
Deferred tax liabilities:		
Unrealized gross profit on real estate sales	**P 2,880,824,401**	P 2,287,406,628
Capitalized borrowing cost	**187,013,213**	153,675,843
Rental income	**147,119,371**	123,599,864
Marketing fee receivable	**135,651,230**	133,566,088
Finance lease	**110,532,961**	130,135,481
Deferred commission	**58,071,788**	60,126,286
Refund liability	**4,790,523**	3,186,318
Unrecognized foreign exchange gains – net	**2,096,050**	7,020,949
	3,526,099,537	2,898,717,457
Deferred tax assets:		
Leases	**(101,688,805)**	(34,318,633)
Allowance for impairment	**(99,576,306)**	(108,268,631)
Share-based employee compensation	**-**	(59,106,392)
Retirement benefit obligation	**(32,362,150)**	(25,587,562)
Unearned income	**(5,415,417)**	(5,669,739)
	(239,042,678)	(232,950,957)
	P 3,287,056,859	P 2,665,766,500

The components of the deferred tax assets as of December 31, 2023 and 2022 separately reported under the Other Non-current Assets account (see Note 14) are as follows:

	2023	2022
Deferred tax assets:		
NOLCO	**P 62,284,005**	P 53,955,122
Retirement benefit obligation	**2,860,051**	2,050,314
MCIT	**1,929,902**	638,229
Advances from customers	**1,609,004**	1,785,819
Leases	**881,255**	-
	P 69,564,217	P 58,429,484
Deferred tax liabilities:		
Unrealized gross profit on real estate sales	**(41,415)**	(41,418)
Leases	**-**	(8,731,959)
	(41,415)	(8,773,377)
	P 69,522,802	P 49,656,107

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

	Consolidated Statements of Comprehensive Income					
	Profit or Loss			Other Comprehensive Income (Loss)		
	2023	2022	2021	**2023**	2022	2021
Unrealized profit on real estate sales	**P 592,780,747**	P 529,342,188	(P 166,783,511)	**P -**	P -	P -
Leases	**(60,322,820)**	(83,832,681)	(18,356,361)	**-**	-	-
Share-based employee compensation	**59,106,392**	-	11,821,278	**-**	-	-
Capitalized borrowing cost	**33,337,370**	28,442,795	13,975,536	**-**	-	-
NOLCO	**(22,490,078)**	-	(12,403,805)	**-**	-	-
Finance lease	**(19,602,520)**	9,604,845	(15,141,135)	**-**	-	-
Retirement benefit obligation	**(7,004,496)**	10,190,804	20,124,289	**2,945,906**	(12,972,771)	(9,045,618)
Unrealized foreign exchange gains - net	**(4,924,899)**	5,400,565	4,610,575	**-**	-	-
Rental income	**22,121,401**	85,280,520	(30,483,690)	**-**	-	-
Marketing fee receivable	**2,085,141**	18,687,888	28,081,409	**-**	-	-
Deferred commission	**(2,054,497)**	(56,568,966)	51,977,441	**-**	-	-
Refund liability	**1,604,205**	1,981,127	6,004,707	**-**	-	-
MCIT	**(817,075)**	116,507	(116,507)	**-**	-	-
Advances from customers	**176,816**	-	-	**-**	-	-
Unearned income	**131,301**	(5,669,739)	-	**-**	-	-
Allowance for impairment	**(3,368)**	8,032,725	24,340,770	**-**	-	-
Accrued expenses	**-**	-	87,193,064	**-**	-	-
Deferred tax expense (income) - net	**P 594,123,620**	P 551,008,578	P 4,844,060	**P 2,945,906**	(P 12,972,771)	(P 9,045,618)

The details of NOLCO which was applied and expired during the year are shown below.

Year Incurred	Original Amount	Applied During the Year	Expired During the Year	Remaining Balance	Valid Until
2023	P 36,681,933	P -	P -	P 36,681,933	2026
2022	141,259,515	-	-	141,259,515	2025
2021	85,941,943	(11,836,636)	-	74,105,307	2026
	P 263,883,391	**(P 11,836,636)**	**P -**	**P 252,046,755**	

NOLCO incurred in 2021 can be claimed as deduction for the next five consecutive taxable years or until 2026 and 2025, respectively, in accordance with Section 4 of R.A. 11494, *Bayanihan to Recover as One Act*.

Majority of the entities within the Group are subject to the RCIT, which is computed at 25% or 20% of net taxable income as defined under the tax regulations or MCIT, computed at 1.5% in 2023 and 1% in 2022 of gross taxable income, whichever is higher. The total of the MCIT paid by certain subsidiaries, which can be applied as deduction from their respective future RCIT payable within three years from the year the MCIT was incurred, are shown below.

Year Incurred	Original Amount	Applied During the Year	Expired During the Year	Remaining Balance	Valid Until
2022	P 203,679	P -	P -	P 203,679	2025
2021	61,133	-	-	61,133	2024
2020	24,017	-	(24,017)	-	
	P 288,829	**P -**	**(P 24,017)**	**P 264,812**	

Certain subsidiaries within the Group did not recognize deferred tax assets in accordance with the relevant accounting standard. The unrecognized deferred tax assets are broken down as follows:

	2023	2022
Allowance for impairment	**P 86,840,845**	P -
NOLCO	**9,904,857**	11,206,617
MCIT	**116,507**	288,829
	P 96,862,209	P 11,495,446

Management has assessed that for other entities within the Group, the net losses incurred as well as the related NOLCO, can be recovered through their respective future operations.

The Group opted to continue claiming itemized deductions for the years ended December 31, 2023, 2022 and 2021 in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent company, parent company, associates, related parties under common ownership, the Company's key management personnel and others as described below and in the succeeding pages.

25.1 Summary of Related Party Transactions

The summary of the Group's transactions with its related parties for the years ended December 31, 2023, 2022 and 2021, and the related outstanding balances as at December 31, 2023 and 2022 is discussed below and in the succeeding pages.

Related Party Category	Note	Amount of Transactions 2023	Amount of Transactions 2022	Amount of Transactions 2021	Outstanding Balances 2023	Outstanding Balances 2022
Parent company:						
Interest-bearing loans	25.8	**(P 1,500,000,000)**	(P 1,500,000,000)	(P2,128,433,550)	**(P 2,128,953,824)**	(P 3,628,953,824)
Dividends paid	25.9	**102,055,816**	-	-	**-**	-
Interest	25.8	**(9,586,218)**	(7,358,663)	-	**-**	(8,557,269)
Availment of advances – net of interest and repayments	25.4	**81,923,365**	(50,589,788)	38,745,018	**(609,973,328)**	(691,896,693)
Lease liabilities	25.2(b)	**31,105,865**	(27,117,614)	(25,130,147)	**(63,418,879)**	(94,524,744)
Right-of-use assets	25.2(b)	**(31,653,608)**	(34,374,866)	(31,653,608)	**61,806,281**	93,459,889
Commission expense	25.5	**4,057,829**	5,362,486	3,609,256	**-**	-
Management fee	25.6	**8,571,429**	9,427,310	8,571,429	**-**	-
Associates:						
Granting of cash advances – net of collections and reclass	25.3	**2,596,246**	(1,137,483)	4,376,944	**23,839,944**	21,243,698
Other investees of shareholders:						
Granting of cash advances – net of collections	25.3	**(107,686,787)**	(40,055,269)	(7,860,549)	**544,018,187**	651,704,974
Availment of advances – net of repayments	25.4	**77,371,561**	(51,508,584)	(27,266,721)	**(82,182,400)**	(159,553,961)
Lease of office spaces	25.2(a)	**-**	-	6,742,495	**-**	-
Key Management Personnel –						
Compensation	25.7	**35,002,598**	32,518,864	27,070,337	**-**	-

Unless otherwise stated, the related receivables and payables from these transactions are short-term, unsecured, noninterest-bearing and are generally settled in cash upon demand. Based on management's assessment, certain advances to related parties were impaired as of December 31, 2023 and 2022 as discussed in Notes 25.3 and 29.2(c).

25.2 Lease of Office Spaces – Company as Lessee

(a) Group as a Lessor

The Company leases portions of its investment properties to certain related parties with rental payments mutually agreed before commencement of the lease. The leases have terms ranging from one to three years, with renewal options, and include annual escalation rate of 5%. The revenues earned from these related parties in 2021 are included as part of Rental Income account under Revenues and Income section in the 2021 consolidated statement of comprehensive income (see Note 11). There was no similar transaction in 2023 and 2022. There are no outstanding receivables from these transactions.

(b) Company as a Lessee

In December 2020, the Company entered into a new lease agreement as lessee with Megaworld covering the Company's new office space, and recognized the related right-of-use asset and lease liability in relation to this new lease agreement. The carrying amounts of the right-of-use asset and lease liability as of December 31, 2022 amounted to P52.5 million and P53.8 million, respectively, while the carrying amounts of the right-of-use asset and lease liability as of December 31, 2023 amounted to P34.5 million and P35.8 million, respectively (see Note 13).

In January 2021, the Company entered into another lease agreement as lessee with Megaworld covering the Company's new office space. The Company recognized right-of-use asset and lease liability amounting to P68.2 million and P62.1 million, respectively, in relation to this new lease agreement. The carrying amounts of the right-of-use asset and lease liability as of December 31, 2022 amounted to P40.9 million and P40.8 million, respectively, while the carrying amounts of the right-of-use asset and lease liability as of December 31, 2023 amounted to P27.3 million and P27.6 million, respectively (see Note 13).

25.3 Advances to Related Parties – Net

The Group grants advances to its associates and other related parties for working capital purposes. These advances to related parties are unsecured, noninterest-bearing and repayable in cash upon demand.

The balances of these advances, shown as Advances to Related Parties – Net account in the consolidated statements of financial position as at December 31, are presented below.

	2023	2022
Associates	**P 23,839,944**	P 21,243,698
Other investee companies of shareholders	**544,018,187**	651,704,974
	P 567,858,131	P 672,948,672

A summary of transactions with these related parties are as follows:

	2023	2022	2021
Associates:			
Balance at beginning of year	**P 21,243,698**	P 22,381,181	P 18,004,237
Collections	**(21,004)**	(1,179,630)	-
Cash advances granted	**2,617,250**	42,147	4,376,944
Balance at end of year	**P 23,839,944**	P 21,243,698	P 22,381,181
Other investee companies of shareholders:			
Balance at beginning of year	**P 651,704,974**	P 691,760,243	P 699,620,792
Collections	**(162,785,969)**	(88,267,605)	(7,860,549)
Cash advances granted	**55,099,182**	48,212,336	-
Balance at end of year	**P 544,018,187**	P 651,704,974	P 691,760,243

The Group also has short-term, unsecured and non-interest-bearing outstanding advances to officers and employees amounting to P216.4 million and P170.9 million as of December 31, 2023 and 2022, respectively, which are presented as Advances to officers and employees under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). These are settled through salary deduction or liquidation.

As of December 31, 2023 and 2022, management assessed that certain advances to related parties amounting to P73.4 million are not recoverable [see Note 29.2(c)]. Accordingly, this has been fully provided with allowance for impairment in the prior years. No impairment losses were recognized in 2023 and 2022.

25.4 Advances from Related Parties

The Group obtains advances from its parent company and other related parties for working capital purposes. These advances are unsecured and are repayable in cash upon demand. Also, except for the advances from Megaworld, these advances are non-interest-bearing.

The balances of these advances, shown as Advances from Related Parties account in the consolidated statements of financial position as at the end of the reporting periods, are presented below.

	2023	2022
Parent company	**P 609,973,328**	P 691,896,693
Other investee companies of shareholders	**82,182,400**	159,553,961
	P 692,155,728	P 851,450,654

A summary of transactions with these related parties are as follows:

	2023	2022	2021
Parent company:			
Balance at beginning of year	**P 691,896,693**	P 742,486,481	P 781,231,499
Repayments	**(91,509,583)**	(52,389,997)	(48,384,132)
Interest expense	**9,586,218**	1,800,209	9,639,114
Balance at end of year	**P 609,973,328**	P 691,896,693	P 742,486,481
Other investee companies of shareholders:			
Balance at beginning of year	**P 159,553,961**	P 108,045,377	P 135,312,098
Repayments	**(94,929,726)**	(36,917,947)	(27,266,721)
Cash advances obtained	**17,558,165**	88,426,531	-
Balance at end of year	**P 82,182,400**	P 159,553,961	P 108,045,377

The advances from Megaworld bear annual interest of 6.0%. The interest expense incurred in 2023, 2022 and 2021 are presented as part of Finance costs under the Finance Costs and Other Charges account in the consolidated statements of comprehensive income (see Note 20.2).

The related unpaid interest of the advances from Megaworld amounting to P71.3 million and P75.0 million as at December 31, 2023 and 2022, respectively, is included as part of the Advances from Related Parties account in the consolidated statements of financial position.

25.5 Commissions

In the normal course of business, the Group pays commissions to Megaworld for marketing services rendered by the latter with the purpose of increasing sales from on-going projects. The commissions are based on pre-agreed rates and are payable once a certain percentage of the contract price has been collected. Commissions incurred in 2023, 2022 and 2021 are presented as part of Commissions under Other Operating Expenses in the consolidated statements of comprehensive income (see Note 21). There was no outstanding balance from this transaction as of December 31, 2023 and 2022.

25.6 Management Fee

The Group obtains services from the parent company for a fixed consideration. The amount of expenses incurred from such transaction is recorded as part of Miscellaneous under Other Operating Expenses account in the 2023 and 2022 consolidated statements of comprehensive income (see Note 21). There was no outstanding balance from this transaction as of December 31, 2023 and 2022.

25.7 Key Management Personnel Compensation

The Group's key management personnel compensation includes the following:

	Note	**2023**	2022	2021
Short-term benefits		**P 28,837,531**	P 27,550,622	P 23,012,469
Post-employment defined benefit	23.1	**6,165,067**	4,968,242	4,057,868
		P 35,002,598	P 32,518,864	P 27,070,337

25.8 Interest-Bearing Loans

The Company and TLC obtained unsecured, interest-bearing loans from Megaworld for working capital requirements in 2022. The outstanding balance of the loans amounted to P2,129.0 million and P3,629.0 million as of December 31, 2023 and 2022, respectively, and is presented as part of Interest-bearing Loans account in the consolidated statements of financial position (see Note 15). The related interest from these loans are presented as part of Finance Costs and Other Charges in the consolidated statements of comprehensive income (see Note 20.2).

25.9 Dividends Paid to the Parent Company

The Parent Company received dividends from the Company amounting to P102.1 million in 2023. There were no outstanding liabilities relating to this transaction as of December 31, 2023 (see Note 26.2).

26. EQUITY AND REDEEMABLE PREFERENCE SHARES

26.1 Capital Stock

Capital stock as of December 31, 2023 and 2022 consists of:

	Shares	Amount
Common shares – P1 par value		
Authorized	20,000,000,000	P 20,000,000,000
Issued and outstanding		
Balance at end of year	10,986,000,000	P 10,986,000,000

On November 23, 1995, the SEC approved the listing of the Company's common shares totaling 150.0 million. The shares were initially issued at an offer price of P19.50 per common share. As at December 31, 2023 and 2022, there are 4,152 and 4,164 holders of the listed shares, respectively, which closed at P0.95 per share and P0.93 per share, respectively.

The Company also made additional listings of 5.0 billion and 2.5 billion shares with offer pries at P1.00 per share and P2.26 per share on January 27, 2012 and August 14, 2013, respectively.

26.2 Cash Dividends

On June 30, 2023, the BOD approved the declaration and distribution of cash dividends of the Parent Company amounting to P124.1 million to all stockholders of record as of July 28, 2023 payable on August 23, 2023. There was no similar declaration in 2022 and 2021.

26.3 Employee Stock Option Plan

On September 23, 2011, the Company's BOD approved an Executive Stock Option Plan (the ESOP) for its key executive officers. This was approved on November 8, 2011 by stockholders holding at least two-thirds of the outstanding capital stock. The purpose of the ESOP is to enable the key executives and senior officers of the Company, who are largely responsible for its further growth and development, to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The ESOP is being administered by the Executive Compensation Committee of the BOD.

Under the ESOP, the Company shall initially reserve for exercise of stock options up to 500.0 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Stock options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for twelve months immediately preceding the date of grant. The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The Company shall receive cash for the stock options.

As of December 31, 2023, pursuant to this ESOP, GERI has granted the option to its key company executives to subscribe to 400.0 million shares of GERI. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All 400.0 million options were fully vested as of December 31, 2019, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods. As at December 31, 2023, there are no remaining share options that can be exercised.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation are shown below.

Grant dates	:	February 16, 2012, February 18, 2013 March 7, 2014, March 9, 2015, July 14, 2016
Vesting period ends	:	February 15, 2015, February 17, 2016. March 6, 2017, February 16, 2018 July 13, 2019
Option life	:	Seven years
Share price at grant dates	:	P2.10, P2.09, P1.60, P1.63, P1.02
Exercise price at grant dates	:	P1.93, P1.69, P1.50, P1.65, P1.00
Average fair value at grant dates	:	P2.27, P0.74, P0.42, P0.34, P0.24
Average standard deviation of share price returns	:	57.10%, 20.85%, 16.16%, 12.16%, 15.29%
Average risk-free investment rates	:	2.46%, 2.14%, 2.46%, 2.51%, 2.59%

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

26.4 Redeemable Preferred Shares

On September 4, 2012, TLC's BOD approved the additional subscriptions to 1,258.0 million preferred shares out of TLC's authorized capital stock as partial payment for certain parcels of land with total fair value of P1,338.2 million. The SEC approved the issuance through exchange of certain parcels of land on April 17, 2013.

Generally non-voting, these preferred shares earn dividends at a fixed annual rate of 2.3% subject to the existence of TLC's unrestricted retained earnings. The preferred shares have a maturity of 10 years and shall be redeemed on every anniversary date beginning on the sixth anniversary date until expiration of the 10-year period. The related interest expense recognized amounting to P5.3 million in 2022 is presented as part of Finance costs under the Finance Costs and Other Charges account in the 2022 consolidated statement of comprehensive income (see Note 20.2). There was no similar transaction in 2023 as all preferred shares were redeemed in full in 2022.

Based on PAS 32, the preferred shares are considered as financial liabilities due to fixed redemption date and mandatory dividends to the holders. Accordingly, the redeemable preferred shares are recognized at fair value on the date of issuance. The fair values of the redeemable preferred shares on the date of issuance approximate their par value.

27. EARNINGS PER SHARE

Earnings per share amounts were computed as follows:

	2023	2022	2021
Basic:			
Net profit attributable to Company's shareholders	**P 1,840,414,093**	P 1,792,146,732	P 1,311,281,638
Divided by weighted number of outstanding common shares	**10,986,000,000**	10,986,000,000	10,986,000,000
	P 0.168	P 0.163	P 0.119

	2023	2022	2021
Diluted:			
Net profit attributable to Company's shareholders	**P 1,840,414,093**	P 1,792,146,732	P 1,311,281,638
Divided by weighted number of outstanding common shares	**11,008,602,740**	11,036,000,001	11,086,000,002
	P 0.167	P 0.162	P 0.118

In relation to the approved ESOP for key executive officers, the remaining vested options exercisable by any of the option holders are considered as potentially dilutive shares as at the end of the reporting periods.

28. COMMITMENTS AND CONTINGENCIES

28.1 Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering real estate properties for commercial use (see Note 11). The leases have terms ranging from 1 to 25 years, with renewal options, and include annual escalation rates of 5.00% to 10.00%. The average annual rental covering these agreements amounts to P341.5 million.

Future minimum lease payments receivable under these operating lease agreements are as follows:

	2023	2022	2021
Within one year	**P 462,604,668**	P 502,776,320	P 667,187,437
After one year but not more than two years	**392,376,722**	351,220,130	578,855,591
After two years but not more than three years	**309,716,349**	313,091,791	336,319,635
After three years but more than four years	**220,796,848**	268,575,303	271,939,979
After four years but not more than five years	**215,947,562**	363,591,703	423,114,746
More than five years	**1,753,519,332**	1,959,264,168	2,496,909,268
	P 3,354,961,481	P 3,758,519,415	P 4,774,326,656

The undiscounted maturity analysis of finance lease receivable at December 31, 2023 and 2022 is 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, 2023							
Lease collection	P 26,846,871	P 27,514,054	P 26,281,499	P 24,301,659	P 25,030,708	P 629,817,781	P 759,792,572
Interest income	(24,829,545)	(24,641,019)	(24,407,402)	(24,373,209)	(24,352,433)	(320,057,120)	(442,660,728)
Net present value	**P 2,017,326**	**P 2,873,035**	**P 1,874,097**	**(P 71, 550)**	**P 678,275**	**P309,760,661**	**P 317,131,844**
December 31, 2022 [As restated – See Note 2.1 (c)]							
Lease collection	P 88,699,119	P 89,346,871	P 90,014,054	P 26,281,499	P 24,301,659	P654,848,489	P 973,491,691
Interest income	(34,355,507)	(29,909,018)	(25,047,216)	(24,407,402)	(24,373,209)	(344,409,554)	(482,501,906)
Net present value	P 54,343,612	P 59,437,853	P 64,966,838	P 1,874,097	(P 71,550)	P310,438,935	P 490,989,785

28.2 Others

As at December 31, 2023, the Company has unused long-term credit facilities amounting to P0.5 billion. There are other commitments and contingent liabilities that may arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As of the end of the reporting period, 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. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 30.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed to are below and described below and in the succeeding pages.

29.1 Market Risk

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise mainly from the Group's United States (U.S.) dollar-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

U.S. dollar denominated financial assets, translated into Philippine pesos at the closing rates at end of 2023 and 2022, pertain to cash and cash equivalents amounting to P75.4 million and P236.5 million, respectively. The Group has no U.S. dollar denominated financial liabilities in 2023 and 2022.

If the Philippine peso had strengthened against the U.S. dollar, profit before tax would have decreased by P4.5 million and P14.9 million in 2023 and 2022, respectively. If the Philippine peso had weakened against the U.S. dollar, then this would have increased profit before tax in 2023 and 2022 by the same amount. This sensitivity of the net result for the year assumes a +/-5.94% and +/-6.29% change of the Philippine peso/U.S. dollar exchange rate for the years ended December 31, 2023 and 2022, respectively. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months for 2023 and 2022 estimated at 68% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of the reporting period.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

(b) Interest Rate Risk

At December 31, 2023 and 2022, the Group is exposed to changes in market interest rates through its cash and cash equivalents and long-term interest-bearing loans, which are subject to variable interest rates (see Notes 5 and 15). All other financial assets and liabilities have fixed rates.

The sensitivity of the Group's profit before tax is analyzed based on reasonably possible change for the year to a reasonably possible change in interest rate of +/-3.59% in 2023 and +/-1.53% in 2022. These changes are considered to be reasonably possible based on observation of current market conditions. The percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months at a 99% confidence level. The sensitivity analysis is based on the Group's financial instruments held at the end of each reporting period, with effect estimated from beginning of the year. All other variables held constant, if the interest rate increased by 3.59% in 2023 and 1.53% in 2022, profit before tax would have increased by P4.9 million and P3.1 million in 2023 and 2022, respectively. Conversely, if the interest rate decreased by the same percentages, profit before tax in 2023 and 2022 would have been higher by the same amount.

29.2 Credit Risk

Credit risk is the risk when a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, arising from granting loans and receivables to customers and related parties and by placing deposits.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets and contract assets is the carrying amount of the related assets as shown in the consolidated statements of financial position, as summarized below.

	Notes	2023	2022 [As Restated – see Note 2.1(c)]
Cash and cash equivalents	5	**P 2,126,242,354**	P 2,354,706,901
Trade receivables – net	6	**11,077,481,354**	9,302,351,432
Finance lease receivable	6	**317,131,844**	490,989,785
Rent receivables	6	**367,831,088**	603,395,500
Other receivables	6	**351,772,510**	204,588,669
Contract assets	19.2	**5,807,264,015**	4,501,242,737
Advances to real estate property owners	9	**1,336,867,143**	1,328,102,796
Advances to related parties - net	25.3	**567,858,131**	672,948,672
Refundable deposits	14	**89,278,118**	91,036,127
		P22,041,726,557	P19,549,362,619

(a) *Cash and Cash Equivalents*

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

As part of Group policy, bank deposits are only maintained with reputable financial institutions. Cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under R.A. No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, are still subject to credit risk.

The Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance for impairment will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

As of December 31, 2023 and 2022, impairment allowance is not material.

(b) Trade and Other Receivables and Contract Assets

Credit risk of receivables and contract assets from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking information specific to the buyers and the economic environment.

The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature and may extend the definition of default to beyond 90 days. Furthermore, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from sale. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient.

Other components of receivables such as rental receivables are also evaluated by the Group for impairment and assessed that certain rental receivables were no longer collectible as of December 31, 2022. Accordingly, the related impairment was recognized (see Notes 6 and 21). There was no similar assessment for 2023. Rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are in average equivalent to six months.

The estimated fair value of collateral and other security enhancements held against installment contract receivables, contract assets and rent receivables are presented as follows:

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2023			
Installment contract receivables – net	P 11,077,481,354	P 17,561,434,431	P -
Contract assets	5,807,264,015	11,715,902,328	-
Rent receivables	367,481,088	438,674,951	46,407,031
	P17,252,226,457	**P 29,716,011,710**	**P 46,407,031**
2022 [As Restated – see Note 2.1(c)]			
Installment contract receivables – net	P 9,302,351,432	P 14,076,807,137	P -
Contract assets	4,501,242,737	8,165,258,646	-
Rent receivables	603,395,500	444,491,404	165,049,174
	P 14,406,989,669	P 22,686,557,187	P 165,049,174

Some of the unimpaired trade and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2023	2022
Current (not past due)	**P10,879,025,875**	P 9,281,030,927
Past due but not impaired:		
More than one month but not more than three months	**203,932,332**	153,020,921
More than three months but not more than six months	**148,604,625**	151,394,117
More than six months but not more than one year	**393,609,428**	371,031,071
More than one year	**538,500,621**	369,678,088
	P12,163,672,881	P10,326,155,124

(c) Advances to Related Parties, Advances to Real Estate Property Owners and Refundable Deposits

ECL for advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the counterparties. Management assessed that the outstanding receivables from certain related parties as of December 31, 2023 and 2022 are not recoverable since these related parties have no capacity to pay the advances upon demand; hence, fully provided with allowance. No additional impairment loss was recognized in 2023 and 2022 (see Note 25.3).

The Group does not consider any significant risks in the remaining advances to related parties since Megaworld and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy.

In addition, there is also no significant risks in the advances to real estate property owners as these are advances to joint venturers in the Group's certain real estate projects which are set-off against the joint venturers' share in the collections of receivables pertaining to such projects. As of December 31, 2023 and 2022, impairment allowance is not material.

With respect to refundable deposits, management assessed that these financial assets have low probability of default since these relate to reputable companies (i.e., with high quality external credit ratings).

29.3 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 in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As of end of the reporting periods, 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	Later than 5 Years
December 31, 2023				
Interest-bearing loans	P 1,134,596,230	P 1,000,667,586	P 8,541,394,029	P 693,041,667
Trade and other payables	1,066,099,992	3,174,985,812	-	-
Advances from related parties	692,155,728	-	-	-
Due to joint venture partners	-	493,245,600	-	-
Lease liabilities	34,826,781	34,826,781	145,346,056	663,229,875
Security deposits	-	-	-	41,259,837
Retention payable	-	307,382,414	-	438,802,308
	P 2,927,678,731	**P 5,011,108,193**	**P 8,686,740,085**	**P 1,836,333,687**
December 31, 2022 [As Restated – see Note 2.1(c)]				
Interest-bearing loans	P 983,055,971	P 998,595,435	P 5,671,453,250	P 1,614,673,781
Trade and other payables	787,521,221	3,003,308,052	-	-
Advances from related parties	851,450,654	-	-	-
Due to joint venture partners	-	386,706,191	-	-
Lease liabilities	33,901,562	33,901,561	184,941,058	691,250,294
Security deposits	-	-	-	84,539,848
Retention payable	-	268,443,371	-	420,703,928
	P 2,655,929,408	P 4,690,954,610	P 5,856,394,308	P 2,811,167,851

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

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

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

		2023		2022 [As Restated – see Note 2.1(c)]	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets					
At amortized cost:					
Cash and cash equivalents	5	**P 2,126,242,354**	**P 2,126,242,354**	P 2,354,706,901	P 2,354,706,901
Trade and other receivables – net	6	**12,114,216,796**	**12,759,291,086**	10,601,325,385	10,939,895,396
Advances to real estate property owners	9	**1,336,867,143**	**1,336,867,143**	1,328,102,796	1,328,102,796
Advances to related parties – net	25.3	**567,858,131**	**567,858,131**	672,948,672	672,948,672
Refundable deposits	14	**89,278,118**	**89,278,118**	91,036,127	91,036,127
		P 16,234,462,542	**P 16,879,536,832**	P15,048,119,881	P 15,386,689,892
Financial liabilities					
At amortized cost:					
Interest-bearing loans	15	**P 9,494,069,589**	**P 8,622,237,901**	P 7,605,669,500	P 6,948,238,374
Trade and other payables	16	**4,241,085,804**	**4,241,085,804**	3,790,829,273	3,790,829,273
Advances from related parties	25.4	**692,155,728**	**692,155,728**	851,450,654	851,450,654
Due to joint venture partners	17	**493,245,600**	**493,245,600**	386,706,191	386,706,191
Retention payable	16, 18	**746,184,722**	**746,184,722**	689,147,299	689,147,299
Security deposits	18	**41,259,837**	**41,259,837**	84,539,848	84,539,848
Lease liabilities	13	**410,360,748**	**410,360,748**	442,785,021	442,785,021
		P 16,118,362,028	**P 15,246,530,340**	P13,851,127,786	P 13,193,696,660

See Note 2.4 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

Except as disclosed in Note 13, the Group has not set-off any other financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders or upon instruction by the Group. As such, the Group's outstanding advances to related parties amounting to P567.9 million and P672.9 million can be offset by the amount of outstanding advances from related parties amounting to P692.2 million and P851.5 million as at December 31, 2023 and 2022, respectively (see Note 25).

The Group has cash in certain local banks to which it has outstanding loans (see Note 15). In case of the Group's default on loan amortization, cash in banks amounting to P1,703.6 million and P1,679.1 million can be applied against its outstanding loans from banks amounting to P7,365.1 million and P3,976.7 million as of December 31, 2023 and 2022, respectively (see Notes 5 and 15).

In addition, the Company's finance lease receivable amounting to P317.1 million can also be offset by the same outstanding amount of the related lease liability (see Note 13).

31. FAIR VALUE MEASUREMENT AND DISCLOSURES

31.1 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 shown below and in the succeeding pages.

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

31.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

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

	Level 1	Level 2	Level 3	Total
2023:				
Financial Assets:				
Cash and cash equivalents	P2,126,242,354	P -	P -	P 2,126,242,354
Trade and other receivables – net	-	-	12,759,291,086	12,759,291,086
Advances to real estate property owners	-	-	1,336,867,143	1,336,867,143
Advances to related parties - net	-	-	567,858,131	567,858,131
Refundable deposits	-	-	89,278,118	89,278,118
	P2,126,242,354	P -	P14,753,294,478	P16,879,536,832
Financial Liabilities:				
Interest-bearing loans	P -	P -	P 8,622,237,901	P 8,622,237,901
Trade and other payables	-	-	4,241,085,804	4,241,085,804
Advances from related parties	-	-	692,155,728	692,155,728
Due to joint venture partners	-	-	493,245,600	493,245,600
Retention payable	-	-	746,184,722	746,184,722
Security deposit	-	-	41,259,837	41,259,837
Lease liabilities	-	-	410,360,748	410,360,748
	P -	P -	P15,246,530,340	P15,246,530,340

	Level 1	Level 2	Level 3	Total
2022:				
[As Restated – see Note 2.1(c)]				
Financial Assets:				
Cash and cash equivalents	P2,354,706,901	P -	P -	P 2,354,706,901
Trade and other receivables – net	-	-	10,939,895,396	10,939,895,396
Advances to real estate property owners	-	-	1,328,102,796	1,328,102,796
Advances to related parties	-	-	672,948,672	672,948,672
Refundable deposits	-	-	91,036,127	91,036,127
	P2,354,706,901	P -	P13,031,982,991	P15,386,689,892
Financial Liabilities:				
Interest-bearing loans	P -	P -	P 6,948,238,374	P 6,948,238,374
Trade and other payables	-	-	3,790,829,273	3,790,829,273
Advances from related parties	-	-	851,450,654	851,450,654
Due to joint venture partners	-	-	386,706,191	386,706,191
Retention payable	-	-	689,147,299	689,147,299
Security deposit	-	-	84,539,848	84,539,848
Lease liabilities	-	-	442,785,021	442,785,021
	P -	P -	P13,193,696,660	P13,193,696,660

For financial assets with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market is determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. For those with short term duration, the carrying amount approximates the fair value.

31.3 Investment Properties Measured at Cost for Which Fair Value is Disclosed

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's investment properties is its current use.

The fair value of the investment properties was determined based on the following approaches (see Note 11):

(i) Fair Value Measurement for Land and Land Development and Improvements

The Level 3 fair value of land and land developments and improvements amounted to P31,697.9 million and P30,413.5 million as at December 31, 2023 and 2022, respectively and was derived through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

(ii) Fair Value Measurement for Building and Improvements

The fair value of the Group's building and improvements, which are classified under Level 3 of the fair value hierarchy, amounted to P15,338.6 million and P10,502.0 million, as at December 31, 2023 and 2022, respectively, and is determined by calculating the present value of the cash inflows anticipated until the end of the life of the investment properties using a discount rate of 7.80% and 8.61% in 2023 and 2022, respectively. The expected cash flows are based on the best use of the property, which is to earn rentals over its estimated useful life.

(iii) Fair Value Measurement of Construction in Progress

The Level 3 fair value of the construction in progress 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 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 cost used in the valuation will result in higher fair value of the properties. Management assessed that the fair value of the construction in progress approximates its carrying values.

Also, there were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022.

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.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and 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. The Group also monitors its debt coverage ratio (DCR) and current ratio as required by its loan obligations (see Note 15). The Group has complied with its covenant obligations, including maintaining the required DCR and current ratio.

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

	2023	2022 [As Restated - see Note 2.1(c)]
Total liabilities	**P 21,756,303,628**	P 19,029,580,332
Total equity	**39,942,227,145**	38,212,928,735
Debt-to-equity ratio	**0.54 :1.00**	0.50 :1.00

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of liabilities arising from financing activities in 2023 and 2022 is presented below. The details of net cash flows are presented in the consolidated statements of cash flows.

	Interest-bearing Loans (see Note 15)	Advances from Related Parties (see Note 25.4)	Lease Liabilities (see Note 13) As Restated – see Note 2.1(c)]	Total
Balance as of January 1, 2023	P 7,605,669,500	P 851,450,654	P 442,785,021	P 8,899,905,175
Cash flows from financing activities:				
Additional borrowings	5,000,000,000	17,558,165	-	5,017,558,165
Repayments of borrowings	(3,111,599,911)	(186,439,309)	(42,139,685)	(3,340,178,905)
Non-cash financing activities:				
Interest amortization on lease liabilities	-	-	34,125,389	34,125,389
Offsetting			(26,199,118)	(26,199,118)
Interest expense	-	9,586,218	-	9,586,218
Recognition of lease liability	-	-	2,768,389	2,768,389
Derecognition	-	-	(979,248)	(979,248)
Balance as of December 31, 2023	**P 9,494,069,589**	**P 692,155,728**	**P 410,360,748**	**P 10,596,586,065**
Balance as of January 1, 2022	P 7,492,924,404	P 850,531,858	P 471,942,785	P 8,815,399,047
Cash flows from financing activities:				
Additional borrowings	1,500,000,000	88,426,531	-	1,588,426,531
Repayments of borrowings	(1,387,254,904)	(89,307,944)	(39,622,755)	(1,516,185,603)
Non-cash financing activities:				
Interest amortization on lease liabilities	-	-	36,035,226	36,035,226
Offsetting	-	-	(25,570,235)	(25,570,235)
Interest expense	-	1,800,209	-	1,800,209
Balance as of December 31, 2022	P 7,605,669,500	P 851,450,654	P 442,785,021	P 8,899,905,175
Balance as of January 1, 2021	P 5,334,558,820	P 916,543,597	P 473,635,321	P 6,724,737,738
Cash flows from financing activities:				
Additional borrowings	3,628,953,824	-	-	3,628,953,824
Repayments of borrowings	(1,470,588,240)	(75,650,853)	(46,917,893)	(1,593,156,986)
Non-cash financing activities:				
Recognition of lease liability	-	-	62,125,930	62,125,930
Offsetting	-	-	(54,969,378)	(54,969,378)
Interest amortization on lease liabilities	-	-	38,068,805	38,068,805
Interest expense	-	9,639,114	-	9,639,114
Balance as of December 31, 2021	P 7,492,924,404	P 850,531,858	P 471,942,785	P 8,815,399,047

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

The Board of Directors and Stockholders
Global-Estate Resorts, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Global-Estate Resorts, Inc. and Subsidiaries (the Group) for the year ended December 31, 2023, on which we have rendered our report dated February 26, 2024. 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 consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's 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: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
SCHEDULE B. - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
Amounts Due from Related Parties							
FERC	P 961,731	P 297,968	P -	P -	P 1,259,699	P -	P 1,259,699
FERSAI	7,560,697	251,244	21,004	-	7,790,937	-	7,790,937
FESI	-	2,068,038	-	-	2,068,038	-	2,068,038
BNHGI	3,141,747	-	-	-	3,141,747	-	3,141,747
NPI	12,721,270	-	-	-	12,721,270	-	12,721,270
Other related parties	648,563,227	55,099,182	162,785,969	-	540,876,440	-	540,876,440
TOTAL	**P 672,948,672**	**P 57,716,432**	**P 162,806,973**	**P -**	**P 567,858,131**	P -	**P 567,858,131**
Advances to Officers and Employees							
Binag Macaraig, Melody	P 19,395	P 449,565	P -	P -	P 468,960	P -	P 468,960
Globio, Salvino	77,675	-	77,675	-	-	-	-
Samson. Ma. Rica	217,127	431,678	-	-	648,805	-	648,805
Bravo, Melissa Anne	334,164	54,900	-	-	389,064	-	389,064
Lim, Meliza Anne	383,403	-	133,653	-	249,750	-	249,750
Carbon, Thomas George M.	233,305	-	136,467	-	96,838	-	96,838
David, Chatt S.	109,905	-	88,403	-	21,502	-	21,502
Quintana, Allan	466,475	3,681,223	-	-	4,147,698	-	4,147,698
Herrera, Christopher	92,857	206,662	-	-	299,519	-	299,519
Roxas, Michael	124,132	-	46,555	-	77,577	-	77,577
Others	168,828,260	41,185,580	-	-	210,013,840	-	210,013,840
TOTAL	**P 170,886,698**	**P 46,009,608**	**P 482,753**	**P -**	**P 216,413,553**	**P -**	**P 216,413,553**

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
SCHEDULE C. - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Amounts Written-off	Current	Not Current	
Amounts Receivable from Related Parties Eliminated During Consolidation							
Global-Estate Properties, Inc.	P 7,961,881,876	P 47,499,970	P -	P -	P 8,009,381,846	P -	P 8,009,381,846
Global-Estate Golf and Development Inc.	27,133,326	16,069,104	-	-	43,202,429	-	43,202,430
Novo Sierra Holding Corp.	354,750	1,040	-	-	355,790	-	355,790
Fil-Estate Urban Development Corporation	145,475,681	1,505,815	-	-	146,981,496	-	146,981,496
Oceanfront Properties, Inc.	56,157,217	69,343,593	-	-	125,500,810	-	125,500,810
Southwoods Mall, Inc.	4,966,563	-	4,966,563	-	-	-	-
Megaworld Global-Estate, Inc.	62,344,227	16,508,308	-	-	78,852,535	-	78,852,535
Global Homes and Communities, Inc.	115,380,627	2,059,309	-	-	117,439,936	-	117,439,936
TOTAL	**P 8,373,694,267**	**P 152,987,139**	**P 4,966,563**	**P -**	**P 8,521,714,841**	**P -**	**P 8,521,714,843**

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule D - Long Term Debt
December 31, 2023
(Amounts in Philippine Pesos)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Bank loans	P 7,365,115,766	P 1,484,445,597	P 5,880,670,168
Megaworld Corporation	2,128,953,824	42,984,608	2,085,969,216
	P 9,494,069,589	P 1,527,430,205	P 7,966,639,384

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023
(Amounts in Philippine Pesos)

Name of related party	Balance at beginning of period	Balance at end of period
Megaworld Corporation	P 691,896,693	P 609,973,328
Others	159,553,961	82,182,400
TOTAL	**P 851,450,654**	**P 692,155,728**

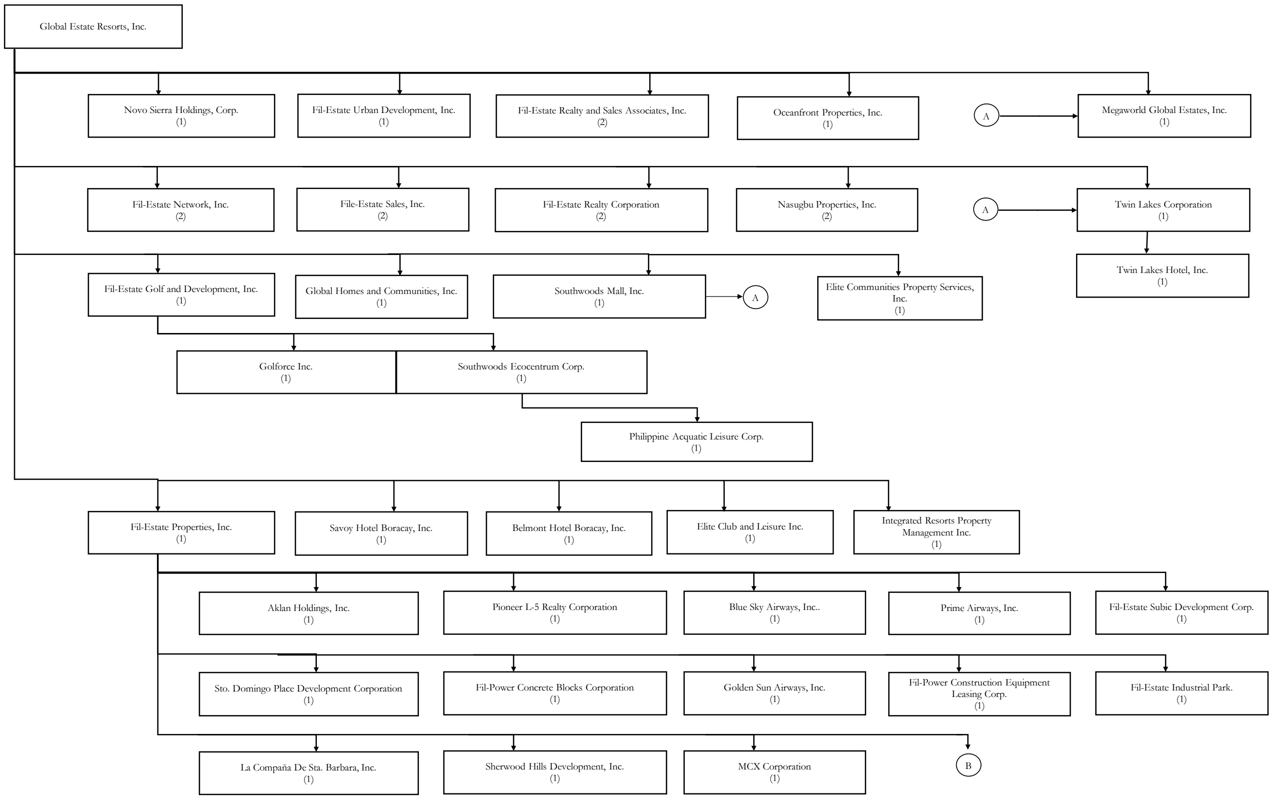
GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding under Related Balance Sheet Caption	Number or Shares Held By		
			Related Parties (Parent, Affiliates)	Directors, Officers and Employees	Others
Common Shares	20,000,000,000	10,986,000,000	9,043,850,659	2,722,654	1,939,426,687

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023

Unappropriated Retained Earnings at Beginning of Year		P 8,677,629,408
Add: Items that are directly credited to Unappropriated Retained Earnings		
Effect of restatements or prior-period adjustments		16,559,951
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		(124,084,786)
Unappropriated Retained Earnings at Beginning of Year, as adjusted		8,570,104,573
Add: Net Income for the Current Year		1,785,992,526
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity share in net income of subsidiaries	(227,479,694)	
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS:		
Amortization of day-one loss from installment contract receivables	(75,426,528)	
Rental income from straigh-line amortization in excess of rental collections	(36,302,126)	
Sub-total		(339,208,348)
Adjusted Net Income		10,016,888,751
Add: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)		
Recognition of day-one loss on intial measurement of installment contract receivables	300,284,906	
Commission expense based on the provision of PFRS 15 in excess of commission payments	8,819,850	
Sub-total		309,104,756
Less: Other items that should be excluded from the determination of the amount available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		(60,537,689)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P 10,265,455,818**

GLOBAL-ESTATE RESORTS, INC.
Map Showing the Relationship Between Global-Estate Resorts, Inc.
and its Related Parties
December 31, 2023



Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A MegaworldCorporation
B Twin Lakes Corporation

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
Global-Estate Resorts, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Global-Estate Resorts, Inc. and Subsidiaries (the Group) for the years ended December 31, 2023 and 2022, on which we have rendered our report dated February 26, 2024. Our audit was 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 purposes 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, 2023 and 2022 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

GLOBAL - ESTATE RESORTS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023 and 2022

Ratio	Formula	2023	Formula	2022 [As Restated - see Note 2]
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 41,154,083,438 Divide by: Total Current Liabilities 8,455,143,152 Current ratio 4.87	4.87	Total Current Assets divided by Total Current Liabilities Total Current Assets 39,102,528,262 Divide by: Total Current Liabilities 8,903,740,637 Current ratio 4.39	4.39
Quick assets ratio	Quick assets (Total Current Assets less Inventories, Contract Assets and Other Current Assets) divided by Total Current Liabilities Total Current Assets 41,154,083,438 Less: Inventories (21,153,887,807) Other Current Assets (4,512,403,499) Quick Assets 15,487,792,132 Divide by: Total Current Liabilities 8,455,143,152 Quick Assets ratio 1.83	1.83	Quick assets (Total Current Assets less Inventories, Contract Assets and Other Current Assets) divided by Total Current Liabilities Total Current Assets 39,102,528,262 Less: Inventories (20,023,795,404) Other Current Assets (3,949,207,036) Quick Assets 15,129,525,822 Divide by: Total Current Liabilities 8,903,740,637 Quick Assets ratio 1.70	1.70
Solvency ratio	Total Assets divided by Total Liabilities Total Assets 61,698,530,773 Divide by: Total Liabilities 21,756,303,628 Solvency ratio 2.84	2.84	Total Assets divided by Total Liabilities Total Assets 57,242,509,067 Divide by: Total Liabilities 19,029,580,332 Solvency ratio 3.01	3.01
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 21,756,303,628 Divide by: Total Equity 39,942,227,145 Debt-to-equity ratio 0.54	0.54	Total Liabilities divided by Total Equity Total Liabilities 19,029,580,332 Divide by: Total Equity 38,212,928,735 Debt-to-equity ratio 0.50	0.50
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 61,698,530,773 Divide by: Total Equity 39,942,227,145 Assets-to-equity ratio 1.54	1.54	Total Assets divided by Total Equity Total Assets 57,242,509,067 Divide by: Total Equity 38,212,928,735 Assets-to-equity ratio 1.50	1.50
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 3,485,644,534 Divide by: Interest expense 554,003,760 Interest rate coverage ratio 6.29	6.29	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 3,172,513,012 Divide by: Interest expense 383,149,146 Interest rate coverage ratio 8.28	8.28
Return on equity *(attributable to Parent Company's shareholders)*	Net Profit divided by Average Total Equity Net Profit 1,840,437,287 Divide by: Average Total Equity 32,685,733,549 Return on equity 0.06	0.06	Net Profit divided by Average Total Equity Net Profit 1,792,146,732 Divide by: Average Total Equity 30,916,443,635 Return on equity 0.06	0.06

Ratio	Formula		2023	Formula		2022 [As Restated - see Note 2]
Return on assets	Net Profit divided by Average Total Assets		0.04	Net Profit divided by Average Total Assets		0.04
	Net Profit	2,110,227,984		Net Profit	2,086,560,251	
	Divide by: Average Total Assets	59,470,519,920		Divide by: Average Total Assets	55,661,084,613	
	Return on assets	0.04		Return on assets	0.04	
Net profit margin	Net Profit divided by Total Revenue		0.25	Net Profit divided by Total Revenue		0.28
	Net Profit	2,110,227,984		Net Profit	2,086,560,251	
	Divide by: Total Revenue	8,338,664,616		Divide by: Total Revenue	7,330,290,215	
	Net profit margin	0.25		Net profit margin	0.28	

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

Sec Registration Number

A	S	O	9	4	0	0	4	4	6	2

C O M P A N Y   N A M E

GLOBAL-ESTATE RESORTS, INC.

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

9TH FLOOR EASTWOOD GLOBAL PLAZA
PALM TREE AVENUE BAGUMBAYAN
1110 QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
lvvillanueva@global-estate.ph	5-328-4370	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
4,152	Last Thursday of June	December-31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
LAILANI V. VILLANUEVA	lvvillanueva@global-estate.ph	5-328-4370	N/A

CONTACT PERSON'S ADDRESS

9/F Eastwood Global Plaza, Palm Tree Ave., Eastwood City, Bagumbayan, Quezon City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause to delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-recepient of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

GLOBAL-ESTATE RESORTS, INC.

9th Floor Eastwood Global Plaza Palm Tree Avenue, Bagumbayan 1110 Quezon City NCR, 2nd District Philippines
Telephone No. 328-4374

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Global-Estate Resorts, Inc** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 company or to cease operations, or has no realistic alternative to do so.

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

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

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

Andrew L. Tan
Chairman of the Board

Monica T. Salomon
President

Lailani V. Villanueva
Chief Finance Officer

Signed this 26 day of FEB, 2024

GLOBAL-ESTATE RESORTS, INC.

9th Floor Eastwood Global Plaza Palm Tree Avenue, Bagumbayan 1110 Quezon City NCR, 2nd District Philippines
Telephone No. 328-4374

SUBSCRIBED AND SWORN to before me this 2 2 MAR 2024 day of ______ at Quezon City, Philippines, affiant(s) exhibited to me their respective Identification Cards, as follows:

NAMES	Identification Number
Andrew L. Tan	TIN 125-960-003-000
Monica T. Salomon	TIN 182-240-560-000
Lailani V. Villanueva	Unified Multi-Purpose ID CRN -0002-1985165-5

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial seal on the date and place above written.

Maripi Aguilar
ATTY. MARIPER B. AGUILAR
Notary Public for Quezon City
Until December 31, 2025
IBP No. 390487 - Jan. 3, 2024
MCLE Compliance No. VII-0001663
Appointment No. N-93 (2024-2025)
PTR No. 5555049 Jan. 2, 2024
Quezon City Roll No. 73209
28 Baker St., Fairmond Subd., Brgy.
North Fairview, Quezon City

Doc No. 464
Page No. 94
Book No. V
Series of 2024

P&A Grant Thornton

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Global-Estate Resorts, Inc.

December 31, 2023, 2022 and 2021
(With Corresponding Figures as of January 1, 2022)

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
Global-Estate Resorts, Inc.
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global-Estate Resorts, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the 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, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are prepared, in all material respects, 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 application of 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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 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 described in Note 2 to the financial statements, 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' Responsibility 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, 2023 required by the Bureau of Internal Revenue as disclosed in Note 30 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. 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.

The engagement partner on the 2023 audit resulting in this independent auditor's report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

	Notes		December 31, 2023		December 31, 2022 (As Restated – see Note 2)		January 1, 2022 (As Restated – see Note 2)
A S S E T S							
CURRENT ASSETS							
Cash and cash equivalents	4	**P**	**1,270,724,276**	P	1,187,741,758	P	2,324,849,090
Trade and other receivables - net	5		**5,834,091,170**		5,445,005,757		4,239,993,318
Contract assets	16		**2,726,170,570**		2,275,299,997		1,729,064,651
Advances to related parties - net	21		**10,140,647,746**		10,005,508,613		10,057,263,137
Inventories	6		**6,458,716,157**		5,871,711,285		5,009,074,703
Prepayments and other current assets	7		**1,691,941,344**		1,581,516,960		1,253,413,891
Total Current Assets			**28,122,291,263**		26,366,784,370		24,613,658,790
NON-CURRENT ASSETS							
Trade and other receivables - net	5		**3,718,056,322**		2,296,186,449		1,953,355,829
Contract assets	16		**676,371,699**		427,392,766		383,776,484
Advances to joint ventures	8		**206,376,557**		220,137,555		203,457,118
Investments in subsidiaries and associates	9		**12,649,850,357**		12,565,110,232		12,104,134,126
Property and equipment - net	10		**109,965,625**		110,566,107		127,030,162
Right-of-use assets - net	11		**80,620,021**		115,784,192		150,159,058
Investment properties - net	12		**1,683,108,455**		1,725,477,434		1,860,592,686
Total Non-current Assets			**19,124,349,036**		17,460,654,735		16,782,505,463
TOTAL ASSETS		**P**	**47,246,640,299**	**P**	**43,827,439,105**	P	41,396,164,253

	Notes	December 31, 2023	December 31, 2022 (As Restated – see Note 2)	January 1, 2022 (As Restated – see Note 2)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans	13	**P 1,133,790,603**	P 1,337,254,907	P 1,137,254,907
Trade and other payables	14	**1,881,169,948**	1,677,443,338	1,467,163,432
Contract liabilities	16	**17,161,181**	79,955,476	44,388,255
Customers' deposits	2	**159,440,587**	917,956,040	722,936,981
Advances from related parties	21	**428,163,769**	317,838,628	255,689,384
Lease liabilities	11	**37,868,152**	34,166,129	29,157,762
Total Current Liabilities		**3,657,594,240**	4,364,614,518	3,656,590,721
NON-CURRENT LIABILITIES				
Interest-bearing loans	13	**5,543,825,162**	4,201,960,769	4,539,215,673
Contract liabilities	16	**221,001,249**	74,304,852	56,945,778
Customers' deposits	2	**527,445,862**	55,904,484	36,113,882
Retirement benefit obligation	19	**86,516,665**	64,885,242	75,871,042
Deferred tax liabilities - net	20	**2,157,531,761**	1,679,660,016	1,260,267,244
Lease liabilities	11	**369,724,207**	408,618,893	442,785,025
Other non-current liabilities	15	**336,912,559**	284,812,778	359,380,328
Total Non-current Liabilities		**9,242,957,465**	6,770,147,034	6,770,578,972
Total Liabilities		**12,900,551,705**	11,134,761,552	10,427,169,693
EQUITY				
Capital stock	22	**10,986,000,000**	10,986,000,000	10,986,000,000
Additional paid-in capital		**4,747,739,274**	4,747,739,274	4,747,739,274
Revaluation reserves		**38,919,260**	47,415,959	21,758,606
Retained earnings		**18,573,430,060**	16,911,522,320	15,213,496,680
Total Equity		**34,346,088,594**	32,692,677,553	30,968,994,560
TOTAL LIABILITIES AND EQUITY		**P 47,246,640,299**	P 43,827,439,105	P 41,396,164,253

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES				
Real estate sales	16	**P 4,311,572,229**	P 3,437,640,241	P 2,181,859,468
Equity share in net income of subsidiaries	9	**303,306,258**	453,772,801	233,102,672
Rental income	12	**169,367,149**	155,526,369	152,636,361
Management and marketing income	8, 21	**167,845,818**	201,959,854	208,530,632
Finance income	18	**176,829,211**	153,241,552	119,941,056
Commission income	21	**90,863,807**	15,231,540	222,394,161
Others	2	**112,744,953**	45,662,830	55,745,588
		5,332,529,425	4,463,035,187	3,174,209,938
COSTS AND EXPENSES				
Cost of real estate sales	17	**1,819,711,621**	1,141,903,827	932,286,081
Cost of rentals	17	**44,011,075**	45,972,955	47,108,997
Other operating expenses	17	**917,237,616**	870,893,351	627,965,682
Finance costs and other charges	18	**172,410,273**	239,928,161	160,574,962
		2,953,370,585	2,298,698,294	1,767,935,722
PROFIT BEFORE TAX		**2,379,158,840**	2,164,336,893	1,406,274,216
TAX EXPENSE	20	**593,166,314**	466,311,253	107,421,843
NET PROFIT		**1,785,992,526**	1,698,025,640	1,298,852,373
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit plan	19	**(8,743,142)**	24,605,398	12,879,133
Equity share in other comprehensive income (loss) of subsidiaries	9	**(1,939,343)**	7,203,305	5,495,321
Tax income (expense)	20	**2,185,786**	(6,151,350)	(2,999,089)
		(8,496,699)	25,657,353	15,375,365
TOTAL COMPREHENSIVE INCOME		**P 1,777,495,827**	P 1,723,682,993	P 1,314,227,738
EARNINGS PER SHARE				
Basic	23	**P 0.163**	P 0.155	P 0.118
Diluted	23	**P 0.162**	P 0.154	P 0.117

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (See Note 22)	Additional Paid-in Capital (See Note 2)	Revaluation Reserves (See Note 19)	Retained Earnings (See Notes 2 and 22)	Total
Balance at January 1, 2023					
As previously reported	P 10,986,000,000	P 4,747,739,274	P 47,415,959	P 16,894,962,369	P 32,676,117,602
Effect of restatements	-	-	-	16,559,951	16,559,951
As restated	10,986,000,000	4,747,739,274	47,415,959	16,911,522,320	32,692,677,553
Cash dividends	-	-	-	(124,084,786)	(124,084,786)
Total comprehensive income for the year	-	-	(8,496,699)	1,785,992,526	1,777,495,827
Balance at December 31, 2023	**P 10,986,000,000**	**P 4,747,739,274**	**P 38,919,260**	**P 18,573,430,060**	**P 34,346,088,594**
Balance at January 1, 2022					
As previously reported	P 10,986,000,000	P 4,747,739,274	P 21,758,606	P 15,196,936,729	P 30,952,434,609
Effect of restatements	-	-	-	16,559,951	16,559,951
As restated	10,986,000,000	4,747,739,274	21,758,606	15,213,496,680	30,968,994,560
Total comprehensive income for the year	-	-	25,657,353	1,698,025,640	1,723,682,993
Balance at December 31, 2022	P 10,986,000,000	P 4,747,739,274	P 47,415,959	P 16,911,522,320	P 32,692,677,553
Balance at January 1, 2021					
As previously reported	P 10,986,000,000	P 4,747,739,274	P 6,383,241	P 13,898,084,356	P 29,638,206,871
Effect of restatements	-	-	-	16,559,951	16,559,951
As restated - see Note 2	10,986,000,000	4,747,739,274	6,383,241	13,914,644,307	29,654,766,822
Total comprehensive income for the year	-	-	15,375,365	1,298,852,373	1,314,227,738
Balance at December 31, 2021	P 10,986,000,000	P 4,747,739,274	P 21,758,606	P 15,213,496,680	P 30,968,994,560

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(Amounts in Philippine Pesos)

	Notes	**December 31, 2023**	December 31, 2022 (As Restated – see Note 2)	January 1, 2022 (As Restated – see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 2,379,158,840**	P 2,164,336,893	P 1,406,274,216
Adjustments for:				
Equity share in net income of subsidiaries	9	**(303,306,258)**	(453,772,801)	(233,102,672)
Interest income	18	**(166,669,547)**	(139,839,960)	(110,568,828)
Loss on refund and sales cancellation	18	**121,267,688**	151,117,897	52,398,213
Depreciation and amortization	17	**120,844,545**	124,257,764	127,909,533
Interest expense	18	**51,142,585**	65,977,999	86,722,172
Gain on derecognition of payables	14	**(36,517,259)**	-	-
Unrealized foreign exchange gains - net	18	**(10,159,664)**	(13,401,592)	(9,372,228)
Gain on pretermination of lease	11	**(489,624)**	-	-
Impairment losses	21	**-**	22,832,265	21,454,577
Operating profit before working capital changes		**2,155,271,306**	1,921,508,465	1,341,714,983
Increase in trade and other receivables		**(1,686,434,992)**	(1,489,184,606)	(313,123,015)
Increase in contract assets		**(699,849,506)**	(589,851,628)	(856,637,421)
Increase in inventories		**(587,004,872)**	(762,773,493)	(531,474,850)
Increase in prepayments and other current assets		**(219,756,426)**	(376,273,214)	(189,350,448)
Decrease (increase) in advances to joint ventures		**13,760,998**	(16,680,437)	(13,614,855)
Increase in trade and other payables		**148,868,591**	86,131,065	100,563,754
Increase in contract liabilities		**83,902,102**	52,926,295	29,134,705
Increase (decrease) in customers' deposits		**(286,974,075)**	214,809,661	124,153,397
Increase (decrease) in other non-current liabilities		**25,900,666**	(74,567,550)	42,703,080
Increase in retirement benefit obligation		**7,794,790**	9,720,649	12,932,598
Cash used in operations		**(1,044,521,418)**	(1,024,234,793)	(252,998,073)
Cash paid for income taxes		**(3,776,740)**	(4,899,686)	(1,420,173)
Net Cash Used in Operating Activities		**(1,048,298,158)**	(1,029,134,479)	(254,418,245)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances granted to related parties	21	**(231,294,569)**	(226,905,321)	(44,848,734)
Dividends received	9	**217,001,790**	-	21,140,537
Collections of advances to related parties	21	**96,155,436**	255,827,580	15,225,284
Acquisitions of property and equipment	10	**(43,274,458)**	(27,557,123)	(49,768,354)
Interest received		**42,149,252**	55,611,272	48,082,172
Acquisitions of investment properties	12	**(1,642,096)**	(10,720,792)	(41,836,115)
Additional investments in subsidiaries	9	**(375,000)**	-	-
Proceeds from disposal of property and equipment	10	**63,244**	111,235	-
Net Cash From (Used in) Investing Activities		**78,783,599**	46,366,851	(52,005,210)
Balance brought forward		**(P 969,514,559)**	(P 982,767,628)	(P 306,423,455)

	Notes	December 31, 2023	December 31, 2022 (As Restated – see Note 2)	January 1, 2022 (As Restated – see Note 2)
Balance carried forward		**(P 969,514,559)**	(P 982,767,628)	(P 306,423,455)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans	13, 29	**3,500,000,000**	1,000,000,000	2,500,000,000
Repayments of interest-bearing loans	29	**(2,361,599,911)**	(1,137,254,904)	(1,220,588,240)
Advances obtained from related parties	21	**158,685,641**	53,298,983	632,881
Dividends paid	22	**(124,084,786)**	-	-
Repayments of advances from related parties	21	**(57,946,718)**	(308,611)	(43,083,706)
Repayments of lease liabilities	11	**(39,848,055)**	(39,622,755)	(37,735,957)
Interest paid		**(32,868,758)**	(43,854,009)	(35,789,111)
Net Cash From (Used in) Financing Activities		**1,042,337,413**	(167,741,296)	1,163,435,867
Effects of Exchange Rates Changes on Cash and Cash Equivalents		**10,159,664**	13,401,592	9,372,228
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**82,982,518**	(1,137,107,332)	866,384,640
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,187,741,758**	2,324,849,090	1,458,464,450
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,270,724,276**	P 1,187,741,758	P 2,324,849,090

Supplemental Information on Non-cash Investing and Financing Activities:

1) In the normal course of business, the Company enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Other non-cash transactions include transfers of property from Inventories or Investment Properties as the property goes through various stages of development (see Note 2). These non-cash activities are not reflected in the statements of cash flows.

2) The Company has effected the offsetting of payments made directly by the Company's sublessee to the head lessor in relation to its finance lease transaction (see Notes 2, 5, and 11).

3) In 2023, one of the Company's lease contact was pre-terminated which resulted to a gain amounting to P0.5 million and is presented as part of Others under Revenues in the 2023 statement of comprehensive income (see Note 11). There was no similar transaction in 2022 and 2021.

See Notes to Financial Statements.

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Global-Estate Resorts, Inc. (the Company or GERI) was incorporated in the Philippines on May 18, 1994. It is primarily engaged in the development of integrated tourism and leisure estates, and integrated lifestyle communities with residential, retail, hotel and/or leisure components. The Company also engages in land acquisitions and maintains an inventory of raw land for future development.

The registered office address of the Company, which is also its principal place of business, is located at 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City.

Megaworld Corporation (Megaworld or the parent company) is the parent company of Global-Estate Resorts, Inc. Megaworld is 70% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company.

Megaworld was incorporated in the Philippines primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities such as product design, construction, and property management. Megaworld's real estate portfolio includes residential condominium units, subdivision lots and townhouses, as well as office projects and retail spaces. The registered office of Megaworld, which is also its principal place of business, is located at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

AGI is a holding company with diversified investments in real estate, food and beverage, manufacturing, quick service restaurants, and tourism-entertainment, and gaming businesses. AGI's registered office, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City.

The shares of stock of the Company, Megaworld and AGI are listed at the Philippine Stock Exchange.

1.1 The Company's Subsidiaries and Associates (the Group)

The Company holds interests in the following subsidiaries and associates as of December 31, 2023, 2022 and 2021:

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Global-Estate Properties, Inc. (GEPI)		**100%**
Aklan Holdings Inc. (AHI)	(a)	**100%**
Blu Sky Airways, Inc. (BSAI)	(a)	**100%**
Fil-Estate Subic Development Corp. (FESDC)	(a)	**100%**
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	**100%**
Golden Sun Airways, Inc. (GSAI)	(a)	**100%**
La Compaña De Sta. Barbara, Inc. (LCSBI)	(a)	**100%**
MCX Corporation (MCX)	(a)	**100%**
Pioneer L-5 Realty Corp. (PLRC)	(a)	**100%**
Prime Airways, Inc. (PAI)	(a)	**100%**
Sto. Domingo Place Development Corp. (SDPDC)	(a)	**100%**
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	**100%**
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	**79%**
Sherwood Hills Development Inc. (SHDI)	(a)	**55%**
Global-Estate Golf and Development, Inc. (GEGDI)		**100%**
Golforce, Inc. (Golforce)	(b)	**100%**
Southwoods Ecocentrum Corp. (SWEC)	(b)	**60%**
Philippine Aquatic Leisure Corp. (PALC)	(c)	**60%**
Fil-Estate Urban Development Corp. (FEUDC)		**100%**
Novo Sierra Holdings Corp. (NSHC)		**100%**
Elite Communities Property Services, Inc. (ECPSI)	(d)	**100%**
Savoy Hotel Boracay, Inc. (SHBI)	(e)	**100%**
Belmont Hotel Boracay, Inc. (BHBI)	(e)	**100%**
Megaworld Global-Estate, Inc. (MGEI)	(f)	**60%**
Twin Lakes Corp. (TLC)		**51%**
Twin Lakes Hotel, Inc. (TLHI)	(g)	**51%**
Oceanfront Properties, Inc. (OPI)		**50%**
Global Homes and Communities, Inc. (GHCI)		**100%**
Southwoods Mall, Inc. (SMI)		**51%**
Elite Club & Leisure Inc. (ECLI)	(i)	**100%**
Integrated Resorts Property Management Inc. (IRPMI)	(i)	**100%**
Associates:		
Fil-Estate Network, Inc. (FENI)		**20%**
Fil-Estate Sales, Inc. (FESI)		**20%**
Fil-Estate Realty and Sales Associates Inc. (FERSAI)		**20%**
Nasugbu Properties, Inc. (NPI)	(h)	**14%**

Non-controlling interests (NCI) represents the interests not held by the Company in FEIPI, SHDI, SWEC, PALC, MGEI, TLC, TLHI, OPI and SMI.

All subsidiaries and associates were incorporated in the Philippines, operate within the country, and are engaged in businesses related to the main business of GERI.

Explanatory notes:

(a) Subsidiaries of GEPI; percentage ownership represents effective ownership of GERI.

(b) Subsidiaries of GEGDI; percentage ownership represents effective ownership of GERI.

(c) Subsidiary of SWEC.

(d) Subsidiary acquired in 2018. ECPSI is engaged primarily to manage and administer real estate properties.

(e) Subsidiaries incorporated in 2019. SHB and BHB are engaged primarily to operate and manage resorts and hotels.

(f) Subsidiary acquired in prior years primarily to market the Group's projects.

(g) A subsidiary of TLC. The Company is incorporated in 2018 to operate Twin Lakes Hotel, one of the real estate projects of TLC.

(h) Associate due to GERI's representation in the respective entities' board of directors.

(i) Newly incorporated subsidiaries this year, ECLI maintains and manages on the business and operations of clubs, resorts and leisure facilities. IRPMI manages and administers real estate properties.

1.2 Approval of the Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2023 (including the comparative financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021 and the corresponding figures as of January 1, 2022) were authorized for issue by the Company's Board of Directors (BOD) on February 26, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) SEC Financial Reporting Reliefs Availed by the Company

The Company has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circular (MC):

- 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*
- 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*

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

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

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

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, in 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.

(ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the 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.

Had the Company elected not to defer this provision of the standard, it would have an impact in the financial statements 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 impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. Should the Company elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the opening retained earnings in the year of adoption.

(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 all items of income, expenses and other comprehensive income or loss, if any, in a single statement of comprehensive income.

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.

The Company's financial statements was restated to correct the transition adjustment errors in relation to the Company's initial adoption of PFRS 16, *Leases*, in 2019. Such errors resulted in a net adjustment to Retained Earnings amounting to P16.6 million as of January 1, 2022. In addition, unrecorded payments made directly by the Company's sublessee to the head lessor amounting to P80.5 million and P55.0 million as of December 31, 2022 and January 1, 2022, respectively, was reflected as an adjustment to the Lease Liability and Finance Lease Receivable (presented as part of Trade and Other Receivables – net) accounts for the corresponding periods (see Notes 5 and 11).

In 2023, the Company also presents the loss on sales cancellation recognized in 2022 and 2021 amounting to P149.8 million and P52.2 million, respectively, as part of the non-cash adjustments to profit before tax resulting to a reclassification from movements in trade and other payables in the 2022 and 2021 statements of cash flows.

The restatement and reclassification have the following effects in the statements of financial position and statements of cash flows as of December 31, 2022 and 2021.

	As Previously Reported	Adjustments	As Restated
Statements of financial position			
December 31, 2022:			
Change in Current Assets –			
Trade and other receivables – net	P 5,508,985,419	(P 63,979,662)	P 5,445,005,757
Change in Current Liabilities –			
Lease liabilities	114,705,742	(80,539,613)	34,166,129
Change in Equity –			
Retained earnings	16,894,962,369	16,559,951	16,911,522,320
January 1, 2022:			
Change in Current Assets –			
Trade and other receivables – net	P 4,278,402,745	(P 38,409,427)	P 4,239,993,318
Change in Current Liabilities –			
Lease liabilities	84,127,140	(54,969,378)	29,157,762
Change in Equity –			
Retained earnings	15,196,936,729	16,559,951	15,213,496,680
Statements of cash flows			
December 31, 2022:			
Changes in cash flows from operating activities:			
Loss on refund and sales cancellation	P 1,290,225	P 149,827,672	P 151,117,897
Increase in trade and other payables	235,958,737	(149,827,672)	86,131,065
Net effect		P -	
January 1, 2022:			
Changes in cash flows from operating activities:			
Loss on refund and sales cancellation	P 161,958	P 52,236,255	P 52,398,213
Increase in trade and other payables	152,800,009	(52,236,255)	100,563,754
Net effect		P -	

The reclassification and restatement did not have significant impact on the Company's statements of comprehensive income for the years then ended December 31, 2022 and 2021.

(d) Functional and Presentation Currency

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

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

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statements 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PFRS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) *Effective in 2023 that is not Relevant to the Company*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

(v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Separate Financial Statements, Investments in Subsidiaries and Associates and Interests in Joint Operations

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements, being a publicly listed entity.

The Company accounts for its investments in subsidiaries and associates using the equity method. Under the equity method, investments are initially recognized at cost.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

The Company's financial assets include financial assets at amortized cost which are presented in the statements of financial position as Cash and Cash Equivalents, Trade and Other Receivables [except for Value-added tax (VAT) on contracts with customers, Advances to raw landowners and Advances to officers and employees], Advances to Joint Ventures, Advances to Related Parties, and Refundable deposits (as part of Other Non-current Assets account).

Impairment of Financial Assets

The Company applies the simplified approach in measuring Expected Credit Losses (ECL), which uses a lifetime expected loss allowance for all trade and other receivables, contract assets with significant financing component, and other financial assets carried at amortized cost. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due [see Note 25.2(b)].

The Company applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk.

In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

For other financial assets at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk 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 (a lifetime ECL).

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(b) Financial Liabilities

Financial liabilities, which include Interest-bearing Loans, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Lease Liabilities and Retention payable (presented under Other Non-current Liabilities account).

2.5 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

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 statement of comprehensive income.

2.6 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization for property and equipment and any impairment losses.

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

Office improvements	10 years
Transportation equipment	5 years
Office furniture and equipment	3-5 years

The measurement for right-of-use assets is disclosed in Note 2.9(a).

2.7 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of land, buildings and condominium units, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation. Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the assets ranging from 7 to 50 years.

2.8 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities, management and marketing income, interest income and dividends. The Company's leasing activities are accounted for under PFRS 16 (see Note 2.9).

The Company develops real properties such as developed land, house and lot, and condominium units. The Company often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Company measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales in the statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales in the statement of comprehensive income. For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Company.

(c) *Rendering of services* – Revenues are recognized over time (i.e., time-and-materials basis as the services are provided or based on the actual work done) until the performance of contractually agreed tasks has been substantially rendered. Any amounts remaining unbilled at the end of the 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. Revenue from rendering of services include property management, commission and marketing income.

(d) *Other income* – Other income includes revenues from penalties collected from late payments and forfeited collections and deposits. There are recognized at a point in time in the year the receivables become due and/or contract was cancelled. Such income is presented under Others in the statement of comprehensive income.

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. Costs and expenses (other than costs of real estate sold) are recognized in profit or loss upon utilization of the services or goods or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

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 right 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)].

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.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of sale, payments received from buyers are presented under the Customers' Deposits account in the liabilities section of the statement of financial position.

2.9 Leases

The Company accounts for its leases as follows:

(a) Company as a Lessee

The Company amortizes 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 average lease term of the Company's contracts is six years.

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.

(b) Company as a Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.10 Impairment of Non-financial Assets

The Company's investments in subsidiaries and associates, property and equipment, investment property, right-of-use assets 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 may not be recoverable.

2.11 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.12 Share-based Employee Remuneration

The Company grants share options to key executive officers eligible under a stock option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in profit or loss with a corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid-in capital (APIC).

2.13 Basic and Diluted Earnings per Share

Basic earnings per share (EPS) is computed by dividing consolidated net profit by the weighted average number of common shares issued and outstanding during the period, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

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 judgments discussed below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) 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.

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.

The Company determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Company considers whether the lessor can refuse to agree to a request from the Company to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

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

(*i*) *Real Estate Sales*

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 determines 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. Performance obligation for sale of completed real estate properties is satisfied at a point in time.

(*ii*) *Management and Marketing Income*

The Company determined that revenues from marketing and management services shall be recognized over time as the customers simultaneously receive and consume the benefits of the Company's rendering of services as it performs. The Company provides the services without the need of reperformance of other companies and it has an enforceable right for payment for performance completed to date.

(c) Determination of ECL on Trade and Other Receivables, Advances to Related Parties and Contract Assets

The Company uses a provision matrix to calculate ECL for trade and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables are disclosed in Note 25.2(b).

With respect to Advances to Related Parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Based on the relevant facts and circumstances existing at the reporting date, management has assessed that all strategies indicate that the Company can fully recover the outstanding balance of its receivables.

(d) Distinction Between Investment Property 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 property but also to other assets used in the operations of the Company or for administrative purposes.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(e) Distinction Between Real Estate Inventories and Investment Properties

Residential and condominium units comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers management's intention over these assets in making its judgment.

(f) *Determination of Significant Influence over Entities in which the Company Holds Less than 20% Ownership*

The Company determines whether significant influence exists over an investee company over which the Company holds less than 20% of the investee's capital stock. The Company considers the ability to influence the operating and financial policies of the investee, representation on the board of directors of the investee and routine participation in management decisions in making its judgment.

Based on management's judgment, the Company considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions, but has no control or joint control of those policies (see Note 1.1).

(g) *Investment in Subsidiaries in which the Company Holds 50% or Less*

Management considers that the Company has de facto control over OPI even though it does not hold more than 50% of the ordinary shares and voting rights of the said subsidiaries, due to the factors discussed below.

The Company holds 50% equity interest over OPI and has: (1) the ability to direct the relevant activities of the subsidiaries; (2) the rights to variable returns from its involvement with subsidiaries; and, (3) the ability to use its power to affect its returns from its involvement with subsidiaries. Based on management's judgment, the Company has control over OPI.

(h) *Cash and Cash Equivalents Managed by Another Party*

Portion of the Company's cash and cash equivalents is being managed by a related party [see Note 21.7(d)]. The funds may only be disbursed pursuant to the Company's instructions and the related party is not entitled to the fund's interest or other income. As the Company has control over the funds and is directly entitled to the fund's benefits, management determined that the said funds appropriately form part of the Company's cash and cash equivalents.

(i) *Distinction Between Operating and Finance Leases (As a 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. Based on management, assessment, the Company's lease agreements are classified as operating lease.

(j) *Capitalization of Borrowing Costs*

The Company determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset, or should be expensed outright. The accounting treatment for finance costs is determined by assessing whether the asset is a qualifying taking into consideration the period of time to bring the asset ready for its intended use. Failure to make the right judgment will result in misstatement of asset and net profit.

(k) Recognition of 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.

Judgment is exercised by management to distinguish between provisions and contingencies. Relevant disclosures on provisions and contingencies are presented in Note 24.

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) 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 the effective interest rate on the most recent loan. Since the date of the availment is near the initial date of application, management is satisfied that the selected rate reflects the risks specific to the Company.

(b) 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.

(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). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 25.2.

(d) Determination of the Amount of Costs Incurred to Obtain or Fulfil a Contract with a Customer

In determining the amount of costs to obtain a contract that should be capitalized, the Company identifies those costs which would not have been incurred if the contract had not been obtained.

For the costs incurred in fulfilling a contract, the Company recognizes an asset only if those costs related directly to a contract or to an anticipated contract can be specifically identified; those costs generate or enhance the Company's resources that will be used in satisfying performance obligation in the future; and the Company expects those costs to be recovered.

(e) *Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets 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 and uncertainty and may cause significant adjustments to the Company's inventories within the next reporting period.

Considering the Company's pricing policy, the net realizable values inventories are higher than their related carrying values as of the end of the reporting periods.

(f) *Fair Value of Stock Options*

The Company estimates the fair value of the executive stock option by applying an option valuation model, taking into account the terms and conditions on which the executive stock options were granted. The estimates and assumptions used are presented in Note 22.3, which include, among other factors, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Company's share price and fair value of the Company's common shares. Changes in these factors can affect the fair value of stock options at grant date.

(g) *Estimation of Useful Lives of Property and Equipment, Right-of-use Assets and Investment Property*

The Company estimates the useful lives of property and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, right-of-use assets, investment property and development rights 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 property are analyzed in Notes 10, 11 and 12, respectively. Based on management's assessment as at December 31, 2023 and 2022, there are no changes in the estimated useful lives of those assets as of the end of the reporting periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(h) *Fair Value Measurement of Investment Property*

Investment property is measured using the cost model. The Company determines the fair values of building and building improvements using the discounted cash flows valuation technique since the information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not available. The Company uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates.

These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land and land development and improvements, the Company determines the fair value through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 12 and 27.3.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2023 and 2022 will be fully utilized within the prescribed period of availment. The carrying value of deferred tax assets as of those dates is disclosed in Note 20.

(j) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. 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 these 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.

No impairment losses were recognized on property and equipment, right-of-use assets, investment property and other non-financial assets for the years ended December 31, 2023, 2022 and 2021 (see Notes 10, 11 and 12).

(k) 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 or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 19.2.

4. CASH AND CASH EQUIVALENTS

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

	Note	**2023**	2022
Cash on hand and in banks	21.7(d)	**P1,020,724,276**	P 888,999,959
Short-term placements		**250,000,000**	298,741,799
		P 1,270,724,276	P 1,187,741,758

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made between fourteen to sixty days at prevailing market interest rates and earn effective interest ranging from 5.35% to 5.85% in 2023, 0.25% to 5.25% in 2022, and 0.20% to 1.13% in 2021.

Interest income earned from cash in banks and short-term placements is included as part of Finance Income account in the statements of comprehensive income (see Note 18.1).

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following as of December 31:

	Notes	**2023**	2022 [As Restated – see Note 2.1(c)]
Current:			
Installment contracts receivable		**P3,896,642,483**	P 3,705,356,138
Unearned interest		**(28,626,800)**	(25,611,347)
VAT on contracts with customers		**833,838,726**	603,666,029
Marketing and management fee receivable	21.3	**520,656,785**	512,316,222
Rental receivables	21.2(a)	**273,996,454**	342,844,514
Advances to officers and employees	21.4	**136,012,261**	115,361,630
Finance lease receivable	24.1	**2,017,326**	54,343,612
Interest receivable	21.4	**52,072,280**	48,292,064
Advances to landowners		**19,659,398**	19,636,327
Others		**127,822,257**	68,800,568
		P5,834,091,170	P 5,445,005,757
Non-current:			
Installment contracts receivable		**P3,219,193,693**	P1,540,125,066
Unearned interest		**(504,917,703)**	(208,121,986)
Finance lease receivable	24.1	**315,114,518**	436,646,173
VAT on contracts with customers		**554,448,569**	393,319,951
Loan receivables	21.7(c)	**134,217,245**	134,217,245
		P3,718,056,322	P2,296,186,449

Installment contracts receivables represent receivables from sale of real estate and resort shares for sale and normally collectible monthly within one to five years. The titles to the assets sold remain with the Company until such receivables are fully collected.

Installment contracts receivables are noninterest-bearing and are measured at amortized cost using the effective interest method based on the interest rate of comparable financial instruments in the market. Interest income from amortization amounted to P100.6 million, P64.6 million, and P56.6 million for the years ended December 31, 2023, 2022 and 2021, respectively, and is presented as part of Finance Income in the statements of comprehensive income (see Note 18.1).

Meanwhile, the related day-one loss on the discounting of the non-current portion of installment contracts receivables amounting to P400.4 million, P178.0 million, and P75.4 million for the years ended December 31, 2023, 2022 and 2021, respectively, is presented as a deduction against the Real Estate Sales account in the statements of comprehensive income.

VAT on contracts with customers represents the VAT component of the contract price of real estate sales to the extent recognized either as installment contract receivables or contract assets.

Finance lease receivables pertains to the sublease of development rights to a third party. Interest income on the finance lease amounted to P34.4 million, P38.4 million, and P42.1 million in 2023, 2022 and 2021, respectively, and are presented as part of Finance Income in the statements of comprehensive income (see Note 18.1). The Company has effected the offsetting of payments made directly by the Company's sublessee to the head lessor in relation to its finance lease transaction [see Notes 2.1(c) and 13].

Advances to officers and employees are noninterest-bearing, unsecured and collectible through salary deduction or liquidation.

Advances to landowners represent advances to several real estate property owners and charges in connection with various project agreements entered by the Company.

Others include receivable from buyers for the advanced payments made by the Company on behalf of the buyers in relation to the processing of transfer documents and real property taxes.

All of the Company's trade and other receivables (except for VAT on contracts with customers, Advances to landowners and Advances to officers and employees) have been reviewed for impairment. Management considers that all of its trade and other receivables are fully recoverable; hence, no impairment losses were recognized in 2023, 2022 and 2021. This assessment is undertaken each financial year using simplified approach in measuring ECL as fully disclosed in Note 25.2(b).

6. INVENTORIES

Inventories at the end of 2023, 2022 and 2021 were stated at cost. The composition of this account as at December 31 is shown below.

	2023	2022
Real estate for sale	**P3,736,718,668**	P3,255,128,981
Raw land inventory	**1,382,681,425**	1,365,915,783
Property development cost	**1,297,689,319**	1,209,039,776
Resort shares for sale	**41,626,745**	41,626,745
	P 6,458,716,157	P 5,871,711,285

Real estate for sale pertains to accumulated costs incurred in developing the Company's horizontal and condominium projects and certain integrated-tourism projects in Boracay, and residential subdivision lots in Iloilo, Philippines. The accumulated costs include capitalized borrowing costs totalling to P382.9 million in 2023 and P280.5 million in 2022. The aforementioned interest was incurred in relation to the interest-bearing loans obtained specifically to finance the construction of certain projects. The capitalization rate averaged 6.48% and 5.30% in 2023 and 2022, respectively (see Note 13).

Raw land inventory pertains to acquisition costs of raw land intended for future development of real estate for sales, including other costs and expenses incurred to affect the transfer of title of the property to the Company.

Property development costs include on-going costs incurred by the Company for its own projects. In addition, this account also includes the costs incurred by the Company for the joint development of various projects that are treated as jointly controlled operations; there were no separate entities created by these joint venture agreements. The jointly controlled operations are undertaken under project agreements with different venture partners. The costs relating to these joint projects represent the amount of investments placed by the Company as original investor/developer or the amount assigned/transferred to the Company by associates or by related parties who were the original investors/ developers in the project agreement.

In 2022, the Company reclassified land held for capital appreciation amounting to P99.9 million to inventories as such properties are already on the pre-selling stage (see Note 12). There was no similar reclassification in 2023.

Resort shares for sale comprise of proprietary or membership shares (landowner shares and founders shares) in Fairways & Bluewater in Boracay, Philippines that are of various types and costs. The cost of the landowner shares is based on the acquisition and development costs of the land and the project. The cost of the founder's shares is based on the par value of the resort shares which is P100.

None of the Company's inventories are used as collateral for its interest-bearing loans and borrowings.

Management assessed that the net realizable values of inventories are higher than their related costs. Hence, no impairment losses are required to be recognized in 2023, 2022 and 2021.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2023**	2022
Advances to contractors and suppliers		**P 945,998,373**	P 922,907,578
Deferred commission	16.3	**441,863,860**	344,042,359
Creditable withholding tax		**75,694,286**	94,982,095
Refundable deposits	11	**69,298,728**	64,911,308
Deferred creditable withholding tax		**62,254,502**	71,970,590
Prepayments		**59,638,646**	46,646,444
Input tax		**37,192,949**	36,056,586
		P 1,691,941,344	P 1,581,516,960

Advances to contractors and suppliers are non-interest-bearing and pertain to down payments for services to be rendered and goods to be delivered to the Company for the development of real estate projects.

Deferred commission represents incremental costs of obtaining a contract to sell real estate properties to customers. This is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized.

8. ADVANCES TO JOINT VENTURES

This account pertains to payments made by the Company for different costs and expenses related to its certain projects which should have been shouldered by its joint venturers. The terms of the agreement provide that the Company shall undertake the development and subdivision of the properties. The agreements further stipulate that the Company and the joint venturers shall share in the project's income and expenses using certain pre-agreed sharing ratios. Collections of the receivable from the joint venturers are generally received upon sale of their share in the projects.

The joint venturers related to the certain projects were charged marketing fees in 2023, 2022 and 2021 amounting to P99.1 million, P140.5 million, and P163.0 million, respectively, which is included as part of the Management and Marketing Income account in the statements of comprehensive income.

The net commitment for construction expenditures of the Company amounted to:

	2023	2022
Total commitment for construction expenditures	**P2,789,420,002**	P2,743,096,462
Total expenditures incurred	**(2,255,100,650)**	(2,144,519,435)
Net commitment	**P 534,319,352**	P 598,577,027

The Company's interests on these jointly controlled projects range from 28.75% to 94.18% in 2023 and 28.75% to 85.00% in 2022.

As at December 31, 2023 and 2022, the Company has no other contingent liabilities with regard to these joint ventures and has assessed that the probability of loss that may arise from contingent liabilities is remote.

The advances have been analyzed for ECL. Based on management's evaluation, no impairment loss needs to be recognized in 2023 and 2022.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the investments in subsidiaries and associates accounted for under the equity method as at December 31 is as follows:

	2023	2022	2021
TLC	**P 4,262,916,548**	P 4,101,942,302	P 3,973,206,330
GEPI	**4,052,534,887**	3,880,403,726	3,772,968,993
GEGDI	**2,141,897,411**	2,207,115,901	2,009,253,717
SMI	**1,156,244,126**	1,273,526,827	1,258,896,496
SWEC	**428,699,739**	451,242,181	458,064,556
OPI	**406,434,020**	391,527,695	330,962,039
FEUDC	**111,652,951**	177,299,805	229,018,237
MGEI	**57,703,100**	52,584,112	48,518,810
GHCI	**11,081,229**	14,724,633	18,332,458
ECPSI	**20,311,346**	14,743,050	4,912,490
IRPMI	**187,500**	-	-
ECLI	**187,500**	-	-
	P12,649,850,357	P12,565,110,232	P12,104,134,126

The Company recognized its share in net income of subsidiaries amounting to P303.3 million, P453.8 million, P233.1 million in 2023, 2022 and 2021, respectively, which are presented as Equity Share in Net Income of Subsidiaries under the Revenues section of the statements of comprehensive income. The Company also recognized its share in other comprehensive losses amounting to P1.9 million in 2023, and its share in other comprehensive income amounting to P7.2 million and P5.5 million in 2022 and 2021, respectively.

A reconciliation of the carrying amounts of investments in subsidiaries at the beginning and end of 2023, 2022 and 2021 is presented below.

	2023	2022	2021
Balance at beginning of year	**P12,565,110,232**	P12,104,134,126	P11,886,676,670
Equity in net income	**303,306,258**	453,772,801	233,102,672
Dividends received	**(217,001,790)**	-	(21,140,537)
Equity in other comprehensive income (losses) – net	**(1,939,343)**	7,203,305	5,495,321
Additions	**375,000**	-	-
Balance at end of year	**P12,649,850,357**	P12,565,110,232	P12,104,134,126

A reconciliation of the costs of investments and cumulative share in net income (losses) of the subsidiaries as of December 31, 2023, 2022 and 2021 are shown below.

	2023	2022	2021
Cost			
Balance at beginning of year	**P 4,424,572,762**	P 4,424,572,762	P 4,445,713,299
Additions	**375,000**	-	-
Dividends received	**(217,001,790)**	-	(21,140,537)
Balance at end of year	**4,207,945,972**	4,424,572,762	4,424,572,762
Cumulative share in net income (losses)			
Balance at beginning of year	**8,140,537,470**	7,679,561,364	7,440,963,371
Equity in net income for the year	**303,306,258**	453,772,801	233,102,672
Equity in other comprehensive income (loss) for the year – net	**(1,939,343)**	7,203,305	5,495,321
Balance at end of year	**8,441,904,385**	8,140,537,470	7,679,561,364
Carrying amount at end of year	**P12,649,850,357**	P12,565,110,232	P12,104,134,126

The total amount of the assets, liabilities, expenses, and net loss (income) of these subsidiaries are reported as follows:

	Current Assets	**Non-current Assets**	**Current Liabilities**	**Non-current Liabilities**	**Revenues**	**Net Loss (Income)**
2023						
GEPI	P 11,932,779,840	P 4,286,179,115	P 11,550,940,455	P 12,186,069,847	P 639,248,698	(P 127,317,179)
AHC	183,682,102	-	1,556,866	-	-	94,768
BSAI	-	-	18,090,474	-	-	276,270
FESDC	14,016,648	-	24,095,274	-	-	98,250
FPCELC	7,972,906	2,094,000	114,458,481	-	-	343,394
GSAI	-	-	12,146,968	-	-	274,875
LCSBI	154,825,523	1,327,241	62,159,712	-	169	1,490,462
MCX	200,434,471	4,400,000	92,500	-	-	94,155
PL5	425,100	-	5,880,644	-	-	93,802
PAI	1,137,109,707	-	1,142,267,777	-	-	176,314
SDPDC	376,489,501	-	458,446,948	10,443,419	-	2,557,022
FPCBC	-	-	22,671,645	-	-	109,153
FEIP	4,771,248	-	21,920,919	-	-	-
SHDI	381,113,778	55,349,495	351,048,669	-	-	1,307,468
GEGDI	2,402,389,280	455,065,793	617,628,668	130,401,352	135,682,327	(89,544,588)
GFI	257,844,961	39,166,128	137,257,692	-	267,534,088	(10,483,253)
SWEC	972,742,441	414,235,866	186,117,317	218,584,477	137,269,827	(39,365,322)
FEUDC	461,811,918	191,056,403	533,777,363	8,518,561	17,851,268	65,646,855
NSHC	5,382,761	-	33,055,588	-	-	125,956
ECPSI	76,821,965	1,247,847	8,356,154	64,145,361	27,424,118	(7,528,578)
SHBI	218,760,333	12,871,038	337,762,378	1,316,517	156,239,846	7,042,501
BHBI	303,929,823	2,593,503	396,654,712	1,214,349	132,271,365	5,293,796
MGEI	203,553,809	3,640,194	106,981,558	1,145,575	124,554,757	(9,060,463)
TLC	6,389,344,755	6,233,014,505	1,301,624,545	3,062,873,933	1,176,718,608	(245,310,648)
TLHI	166,260,911	11,991,877	120,860,682	1,754,962	280,788,078	(51,714,375)
OPI	878,065,727	723,786,379	638,525,061	187,150,773	490,278,493	(129,812,650)
GHCI	1,193,628	128,892,914	119,431,695	-	-	3,839,045
SMI	514,631,990	2,667,913,782	673,359,322	241,730,470	370,649,864	(89,840,129)
IRPMI	13,252,495	4,537,558	2,650,570	17,476,658	20,462,641	2,524,675
ECLI	7,488,978	2,372,953	24,759,634	-	5,406,375	10,907,654

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Loss (Income)
2022						
GEPI	P 11,771,841,688	P 3,993,539,180	P 11,298,766,879	P 562,563,912	P 616,543,786	(P 133,883,451)
AHC	183,682,102	-	1,462,098	-	-	313,751
BSAI	-	-	17,814,204	-	-	93,098
FESDC	14,016,648	-	23,997,024	-	-	84,450
FPCELC	8,194,860	2,094,000	114,457,041	-	-	120,000
GSAI	-	-	11,872,093.12	-	-	92,828
LCSBI	155,242,629	247,414	60,006,529	-	20,145,531	19,558,348
MCX	200,523,376	4,400,000	87,250	-	-	87,163
PL5	425,100	-	5,786,842	-	-	87,264
PAI	1,137,109,707	-	1,142,091,463	-	-	157,942
SDPDC	374,470,113	-	453,954,054	10,340,653	-	(2,649,540)
FPCBC	-	-	22,562,492	-	-	85,214
FEIP	4,771,248	108,000	21,920,919	-	-	-
SHDI	379,189,009	55,303,206	345,895,607	-	-	41,836
GEGDI	2,363,392,834	397,516,727	605,081,341	138,771,941	74,314,112	316,213,017
GFI	249,583,830	288,889,235	139,619,894	-	194,623,285	8,104,523
SWEC	1,144,880,261	385,774,225	286,727,806	441,473,577	581,472,185	325,739,982
FEUDC	489,350,272	171,623,971	478,435,472	6,321,288	-	(58,729,709)
NSHC	5,382,761	-	32,930,132	-	-	(102,982)
ECPSI	101,159,412	2,800,290	11,605,037	85,524,107	36,866,110	13,346,286
SHBI	156,942,837	10,991,901	267,438,315	901,445	84,046,519	(3,167,609)
BHBI	181,111,941	4,030,895	265,072,075	757,711	91,351,548	(747,294)
MGEI	177,011,104	1,277,036	89,446,735	684,720	119,952,317	7,388,154
TLC	5,589,904,829	5,905,702,011	1,030,603,110	2,452,453,596	1,013,251,779	182,360,336
TLHI	144,354,318	10,115,021	135,911,190	1,274,711	215,749,163	61,460,927
OPI	800,145,973	620,655,135	543,763,950	130,673,536	402,557,151	84,439,544
GHCI	1,830,344	128,892,913	116,371,906	-	-	(3,794,466)
SMI	703,918,596	2,770,544,542	700,805,375	276,895,823	-	28,493,135
2021						
GEPI	P 11,418,157,046	P 3,863,888,094	P11,025,362,496	P 485,819,981	P 503,174,985	(P 238,895,500)
AHC	183,682,102	-	1,148,347	-	-	81,674
BSAI	-	-	17,721,106	-	-	78,763
FESDC	14,016,648	-	23,912,574	-	-	77,050
FPCELC	8,194,860	2,094,000	114,414,079	-	-	81,000
GSAI	-	-	11,779,264	-	-	78,691
LCSBI	156,705,203	-	80,780,037	18,490	5,965,744	(5,434,246)
MCX	200,604,291	4,400,000	81,002	-	-	83,071
PL5	-	425,100	5,699,578	-	-	86,203
PAI	1,137,109,707	-	1,141,933,521	-	-	105,847
SDPDC	377,071,681	-	453,906,082	10,340,653	3,410	2,374,924
FPCBC	-	-	22,477,278	-	-	96,690
FEIP	4,4,879,248	-	22,001,919	-	-	81,000
SHDI	457,870,686	-	375,141,489	-	2,834,468	271,809
GEGDI	2,305,740,051	399,420,158	580,880,931	138,844,307	94,130,714	(38,248,873)
GFI	170,454,421	37,877,951	77,190,615	-	128,742,030	8,338,830
SWEC	607,883,234	371,449,181	161,904,006	53,987,482	115,645,400	(57,569,193)
FEUDC	511,225,084	160,803,946	428,681,489	14,329,304	2,501,447	63,590,544
NSHC	5,382,761	-	32,827,150	-	-	93,369
ECPSI	92,324,148	3,167,633	11,049,265	79,530,026	31,488,066	(9,118,351)
SHBI	186,825,842	10,056,117	288,813,786	1,845,629	11,751	(7,676,339)
BHBI	99,151,393	7,184,595	185,794,468	424,025	24,525,315	21,566,047
MGEI	150,041,665	2,191,727	69,002,513	2,366,196	109,390,425	(13,954,802)
TLC	5,154,120,425	6,118,317,246	1,305,601,998	2,181,504,466	986,521,655	(186,318,314)
TLHI	77,032,060	6,134,957	126,279,975	895,276	128,929,731	10,332,215
OPI	964,080,914	381,500,457	577,845,293	105,812,000	171,350,218	(62,651,471)
GHCI	1,187,316	129,079,554	111,934,412	-	317	3,357,948
SMI	740,511,987	2,907,102,072	876,814,635	302,374,922	288,865,380	(54,519,874)

A reconciliation of the summarized financial information to the carrying amount of the investments in subsidiaries as of December 31, 2023 and 2022 are shown in the succeeding page.

	Explanatory Note	Net Asset Value	Ownership in Net Asset	Carrying Value
2023				
TLC		P 8,257,860,782	P 4,243,696,412	P 4,243,696,412
GEPI		4,032,889,108	4,052,534,888	3,977,822,452
SMI		2,267,455,980	1,156,402,550	1,156,402,550
GEGDI		2,109,425,053	2,141,897,411	2,109,425,053
SWEC		982,276,513	589,365,908	589,365,908
OPI		776,176,272	388,088,136	388,088,136
FEUDC		110,572,397	176,240,851	110,572,397
SHBI	*(a)*	(107,447,524)	(107,447,524)	-
MGEI		97,090,510	58,254,306	58,254,306
BHBI	*(a)*	(85,345,735)	(85,345,735)	-
NSHC	*(a)*	(27,672,827)	(27,672,827)	-
GHCI		10,654,847	10,654,847	10,654,847
ECPSI	*(b)*	5,568,297	5,568,297	5,568,296
IRPMI	*(a)*	(2,337,175)	(2,337,175)	-
ECLI	*(a)*	(14,897,703)	(14,897,703)	-
		P 18,412,268,795	**P 12,585,002,642**	**P 12,649,850,357**
2022				
TLC		P 8,012,550,134	P 4,093,927,592	P 4,093,927,592
GEPI		3,903,756,335	3,882,601,372	3,882,601,372
SMI		2,496,761,939	1,273,348,589	1,273,348,589
GEGDI		2,017,056,279	2,207,115,901	2,017,056,279
SWEC		1,089,180,909	653,508,545	653,508,545
OPI		783,055,391	391,527,695	391,527,695
FEUDC		176,240,851	176,240,851	176,240,851
SHBI	*(a)*	(100,405,022)	(100,405,022)	-
MGEI		87,862,329	52,717,398	52,717,398
BHBI	*(a)*	(59,175,576)	(59,175,576)	-
NSHC	*(a)*	(27,547,171)	(27,547,171)	-
GHCI		14,351,351	14,351,351	14,351,351
ECPSI	*(b)*	9,830,560	9,830,560	9,830,560
		P 18,403,518,309	P 12,568,042,085	P 12,565,110,232

(a) Cumulative share in net losses in these subsidiaries exceeded the investments in the said entities as of December 31, 2023 and 2022. As such, recognized losses is only up to the extent of the investment.

(b) As of December 31, 2021, ECPSI was able to recover from the losses recognized in prior years. As such, the amount of share in net income in 2021 is only the excess of the accumulated share of losses that has previously not been recognized.

The place of incorporation of the Company's subsidiaries and associates are summarized below.

(a) TLC, SMI, GEGDI, SWEC, FEUDC, GHCI, GEPI, MGEI, NSHC, FESI– Renaissance Towers, Meralco Avenue, Pasig City;
(b) OPI – F&M Lopez II Building, 109 C. Palanca St., Legaspi Village, Makati City;
(c) FERC, FENI, FERSAI – Paragon Plaza, Reliance St., Mandaluyong City;
(d) ECPSI – 7th Floor, Paseo Center Building, 8757 Paseo de Roxas St., Makati City;
(e) SHB, BHB – Brgy. Yapak, Boracay Island, Malay, Aklan 5608;
(f) IRPMI- Southwoods Mall and Office Towers Southwoods Avenue Southwoods City San Francisco (Halang) City of Biñan , Laguna; and,
(g) ECLI – 16th Floor, Alliance Global Tower, 36th St. corner 11th Ave., Uptown Bonifacio, Taguig City

Management considers that the Company has de facto control over OPI even though its direct ownership interest is not more than 50% of the ordinary shares and voting rights of the said subsidiary due to the factors mentioned in Note 3.1(g).

10. PROPERTY AND EQUIPMENT

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

	Transportation Equipment	Office Furniture and Equipment	Office Improvements	Total
December 31, 2023				
Cost	P 82,065,416	P 206,878,037	P 146,185,850	P 435,129,303
Accumulated depreciation and amortization	(75,317,724)	(159,624,802)	(90,221,152)	(325,163,678)
Net carrying amount	**P 6,747,692**	**P 47,253,235**	**P 55,964,698**	**P 109,965,625**
December 31, 2022				
Cost	P 79,818,861	P 173,272,374	P 139,143,073	P 392,234,308
Accumulated depreciation and amortization	(70,742,457)	(137,982,186)	(72,943,558)	(281,668,201)
Net carrying amount	P 9,076,404	P 35,290,188	P 66,199,515	P 110,566,107
January 1, 2022				
Cost	P 77,201,451	P 154,203,672	P 133,785,455	P 365,190,578
Accumulated depreciation and amortization	(62,822,898)	(118,450,457)	(56,887,061)	(238,160,416)
Net carrying amount	P 14,378,553	P 35,753,215	P 76,898,394	P 127,030,162

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

	Transportation Equipment	Office Furniture and Equipment	Office Improvements	Total
Balance at January 1, 2023 net of accumulated depreciation and amortization	P 9,076,404	P 35,290,188	P 66,199,515	P 110,566,107
Additions	2,626,018	33,605,663	7,042,777	43,274,458
Disposals	(63,244)	-	-	(63,244)
Depreciation and amortization charges for the year	(4,891,486)	(21,642,616)	(17,277,594)	(43,811,696)
Balance at December 31, 2023 net of accumulated depreciation and amortization	**P 6,747,692**	**P 47,253,235**	**P 55,964,698**	**P 109,965,625**
Balance at January 1, 2022 net of accumulated depreciation and amortization	P 14,378,553	P 35,753,215	P 76,898,394	P 127,030,162
Additions	3,130,804	19,068,701	5,357,618	27,557,123
Disposals	(111,235)	-	-	(111,235)
Depreciation and amortization charges for the year	(8,321,718)	(19,531,728)	(16,056,497)	(43,909,943)
Balance at December 31, 2022 net of accumulated depreciation and amortization	P 9,076,404	P 35,290,188	P 66,199,515	P 110,566,107
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 17,350,755	P 44,637,982	P 61,698,742	P 123,687,479
Additions	6,384,234	12,029,677	31,354,443	49,768,354
Depreciation and amortization charges for the year	(9,356,436)	(20,914,444)	(16,154,791)	(46,425,671)
Balance at December 31, 2021 net of accumulated depreciation and amortization	P 14,378,553	P 35,753,215	P 76,898,394	P 127,030,162

Depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Other Operating Expenses account in the statements of comprehensive income (see Note 17).

None of the Company's property and equipment are used as collateral for its interest-bearing loans and borrowings.

As of December 31, 2023 and 2022, the cost of the Company's fully depreciated property and equipment that are still used in operations amounted to P194.7 million and P133.8 million, respectively.

11. LEASES

The Company has leases for certain offices and commercial lot. With the exception of short-term leases, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet 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 leases over offices, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company incurred maintenance fees and paid refundable deposits, presented as part of Prepayments and Other Current Assets in the statements of financial position (see Note 7), on such items in accordance with the lease contracts.

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

	Number right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
December 31, 2023					
Offices	**2**	**1 – 2 years**	**2 years**	**2**	**2**
Commercial lot	**1**	**14 years**	**14 years**	**1**	**1**
December 31, 2022					
Offices	3	1 – 3 years	3 years	3	3
Commercial lot	1	15 years	15 years	1	1

11.1 Right-of-use Assets

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

	Offices	Commercial Lot	Total
December 31, 2023			
Cost			
Balance at beginning and end of year	P 165,033,008	P 25,654,963	P 190,687,971
Derecognition	(6,765,466)	-	(6,765,466)
Balance at end of year	158,267,542	25,654,963	183,922,505
Accumulated amortization			
Balance at beginning of year	69,430,720	5,473,059	74,903,779
Derecognition	(4,623,069)	-	(4,623,069)
Amortization for the year	31,653,508	1,368,266	33,021,774
Balance at end of year	96,461,159	6,841,325	103,302,484
Carrying amount at December 31, 2023	**P 61,806,383**	**P 18,813,638**	**P 80,620,021**
December 31, 2022			
Cost			
Balance at beginning and end of year	P 165,033,008	P 25,654,963	P 190,687,971
Accumulated amortization			
Balance at beginning of year	36,424,119	4,104,794	40,528,913
Amortization for the year	33,006,601	1,368,265	34,374,866
Balance at end of year	69,430,720	5,473,059	74,903,779
Carrying amount at December 31, 2022	P 95,602,288	P 20,181,904	P 115,784,192

In January 2021, the Company entered into a lease agreement as lessee with Megaworld in 9th Floor – Unit A, Commerce and Industry Plaza Building, McKinley Hill, Fort Bonifacio, Taguig City for a period of five years. The Company recognized right-of-use asset and lease liability amounting to P68.2 million and P62.1 million, respectively.

In 2023, the lease contract with AMK Realty Corporation was pre-terminated which resulted to a gain amounting to P0.5 million and is presented as part of Others under Revenues in the 2023 statement of comprehensive income. Consequently, the corresponding carrying amount of the lease liability and right-of-use-asset were derecognized.

11.2 Lease Liabilities

Lease liabilities are presented in the statements of financial position are as follows:

	2023	2022 [As Restated – see Note 2.1(c)]
Current	**P 37,868,152**	P 34,166,129
Non-current	**369,724,207**	408,618,893
	P 407,592,359	P 442,785,022

The use of extension and termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Company's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The undiscounted maturity analysis of lease liabilities at December 31, 2023 and 2022 is 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, 2023							
Lease payment	P 68,687,403	P 59,057,832	P 28,993,255	P 27,149,002	P 28,020,419	P663,229,875	P 875,137,786
Finance charges	(30,819,251)	(27,763,670)	(26,439,824)	(26,345,415)	(26,248,242)	(329,929,025)	(467,545,427)
Net present value	**P 37,868,152**	**P 31,294,162**	**P 2,553,431**	**P 803,587**	**P 1,772,177**	**P333,300,850**	**P 407,592,359**
December 31, 2022 [As Restated - see Note 2.1(c)]							
Lease payment	P 67,803,122	P 69,740,972	P 59,057,830	P 28,993,255	P 27,149,002	P691,250,294	P 943,994,475
Finance charges	(33,636,993)	(30,846,284)	(27,763,670)	(26,439,824)	(26,345,415)	(356,177,267)	(501,209,453)
Net present value	P 34,166,129	P 38,894,688	P 31,294,160	P 2,553,431	P 803,587	P335,073,027	P 442,785,022

11.3 Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses related to short-term leases amounted to P20.8 million, P17.7 million, and P18.3 million in 2023, 2022 and 2021, respectively, and are presented as part of Other Operating Expenses account in the statements of comprehensive income (see Note 17).

At December 31, 2023 and 2022, the Company is committed to short-term leases, and the total commitment at that date is P45.4 million and P44.1 million, respectively.

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P39.8 million, P39.6 million, and P37.7 million in 2023, 2022 and 2021, respectively. Interest expense in relation to lease liabilities amounted to P33.5 million, P36.0 million and P38.1 million in 2023, 2022 and 2021, respectively, and are presented as part of Finance Costs and Other Charges in the statements of comprehensive income (see Note 18.2).

12. INVESTMENT PROPERTIES

The Company's investment properties include various buildings held for lease and several parcels of land which are owned to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation and amortization of investment property at the beginning and end of the reporting periods are shown as follows:

	Land	Buildings and Improvements	Total
December 31, 2023			
Cost	P 970,191,757	P 1,060,812,691	P 2,031,004,448
Accumulated depreciation and amortization	-	(347,895,993)	(347,895,993)
	P 970,191,757	**P 712,916,698**	**P 1,683,108,455**
December 31, 2022			
Cost	P 968,549,661	P 1,060,812,690	P 2,029,362,351
Accumulated depreciation and amortization	-	(303,884,917)	(303,884,917)
	P 968,549,661	P 756,927,773	P 1,725,477,434
January 1, 2022			
Cost	P 1,057,691,958	P 1,060,812,691	P 2,118,504,649
Accumulated depreciation and amortization	-	(257,911,963)	(257,911,963)
	P 1,057,691,958	P 802,900,728	P 1,860,592,686

A reconciliation of the carrying amounts of investment property at the beginning and end of the reporting period is shown below and in the succeeding page:

	Land	Building and Improvements	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 968,549,661	P 756,927,773	P 1,725,477,434
Additions	1,642,096	-	1,642,096
Depreciation and amortization charges for the year	-	(44,011,075)	(44,011,075)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 970,191,757**	**P 712,916,698**	**P 1,683,108,455**

	Land	Building and Improvements	Total
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 1,057,691,958	P 802,900,728	P 1,860,592,686
Additions	10,720,792	-	10,720,792
Reclassifications (see Note 6)	(99,863,089)	-	(99,863,089)
Depreciation and amortization charges for the year	-	(45,972,955)	(45,972,955)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 968,549,661	P 756,927,773	P 1,725,477,434
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 1,015,855,843	P 842,748,164	P 1,858,604,007
Additions	41,836,115	-	41,836,115
Reclassifications (see Note 6)	-	7,261,561	7,261,561
Depreciation and amortization charges for the year	-	(47,108,997)	(47,108,997)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 1,057,691,958	P 802,900,728	P 1,860,592,686

Rental income recognized in 2023, 2022 and 2021 amounted to P169.4 million, P155.5 million, and P152.6 million, respectively, and is presented as Rental Income account in the statements of comprehensive income. Depreciation charges represent the major direct costs in leasing these properties (see Note 17). Other operating costs in leasing these properties include Real property taxes amounting to P0.3 million, P3.2 million, and P4.2 million, respectively. Repairs and maintenance amounted to P7.0 million, P10.6 million, and P7.1 million in 2023, 2022 and 2021, respectively. Real property taxes are included as part of Taxes and licenses while Repairs and maintenance is under the Other Operating Expenses account in the statements of comprehensive income (see Note 17).

Except for land, all of the Company's investment properties generated rental income for the years ended December 31, 2023, 2022 and 2021.

On the other hand, the fair value of land amounted to P8.7 billion and P7.4 billion as determined through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property as at December 31, 2023 and 2022, respectively.

The breakdown of Investment Properties at its fair market value are as follows:

	2023	2022
Building and improvements	**P 2,461,875,511**	P 3,276,262,490
Land and land improvement	**8,691,930,343**	7,376,863,959
	P 11,153,805,854	P 10,653,126,449

Other information about the fair value measurement and disclosures related to the investment property are presented in Note 27.3.

None of the Company's investment properties are used as collateral for its interest-bearing loans and borrowings.

13. INTEREST-BEARING LOANS

The Company's interest-bearing loans are broken down as follows:

	2023	2022
Current	**P1,133,790,603**	P1,337,254,907
Non-current	**5,543,825,162**	4,201,960,769
	P6,677,615,765	P5,539,215,676

In 2023, the Company obtained unsecured interest-bearing loans from China Banking Corporation (Chinabank), and Banco De Oro Unibank, Inc. (BDO) amounting to P2,000.0 million and P1,500.0 million, respectively. The loan from Chinabank is composed of two loans worth P1,000.0 million, each, payable quarterly in arrears for five years and are subject to floating interest rates of 7.15% and 7.23%, respectively. The loan obtained from BDO is subject to floating interest rates that ranges from 7.13% to 7.23% and is payable quarterly in arrears for five years. As of December 31, 2023, the total outstanding balance of these loans is P3,475.6 million.

The Company obtained an unsecured interest-bearing loan from Megaworld during the last quarter of 2022 and 2021. The loan obtained in 2022 amounting to P1,000.0 million with an interest rate of 6.33% and shall be payable for a maximum term of sixteen months while the loan obtained in 2021 of the same amount and interest rate is payable for a maximum period of eight years. The Company shall repay the loan in 12 equal quarterly amortizations. As of December 31, 2023 and 2022, the related outstanding balance of these loans is P1,000.0 million and P2,000.0 million, respectively [see Note 21.7(c)].

In 2021 and 2020, the Company obtained an unsecured interest-bearing-loans from Unionbank of the Philippines. The loan obtained in 2020 amounting to P1,000.0 million is payable quarterly for a term of five years, bearing a fixed interest rate of 5.26% and payable quarterly in arrears. The loan obtained in 2021 amounting to P1,000.0 million is payable quarterly for a term of five years, bearing a fixed interest rate of 5.37% and payable quarterly in arrears. As at December 31, 2023 and 2022, the outstanding balance pertaining to this loan amounted to P1,166.7 million and P1,833.3 million, respectively.

The Company availed unsecured, interest-bearing loans from Rizal Commercial Banking Corporation (RCBC) in 2021 and 2020. The loan obtained in 2020 amounting to P500.0 million is payable quarterly with a term of seven years, with a floating interest rate ranging from 3.64% to 6.90% and is payable quarterly in arrears. The outstanding balance from this loan amounted to P400.0 million and P500.0 million as of December 31, 2023 and 2022, respectively. The loan obtained in 2021 from RCBC amounting to P500.0 million has the same terms with the 2020 loan from the same bank, payable quarterly with a term of seven years. The related outstanding balance from loan amounted to is P400.0 million and P500.0 million as of December 31, 2023 and 2022.

In 2019, the Company obtained an unsecured long-term loan from BDO amounting to P2,000.0 million, payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears. The outstanding balance pertaining to this loan amounted to P235.3 million and P705.9 million as of December 31, 2023 and 2022, respectively.

In 2017, the Company obtained an unsecured long-term loan from a local bank amounting to P2,000.0 million. The loan is payable quarterly for a term of five years commencing on the beginning of the fifth quarter from the initial drawdown date. The loan was fully paid in 2022.

The Company has properly complied with the loan agreements' covenants including maintaining the required DCR and current ratio as of the end of the reporting periods (see Note 28).

The accrued interest payable amounted to P21.3 million and P6.3 million as of December 31, 2023, and 2022, respectively, is presented as part of Others under the Trade and Other Payables account in the statements of financial position (see Note 14).

Total interest costs incurred attributable to these loans amounted to P382.9 million, P294.9 million and P218.0 million in 2023, 2022 and 2021, respectively. Of these amounts, P382.9 million, P280.5 million, and P182.8 million in 2023, 2022 and 2021, respectively, were capitalized by the Company as part of Inventories account in the statements of financial position (see Note 6). Average capitalization rate used in determining the amount of interest charges qualified for capitalization is 5.05%, 5.30%, and 4.61% in 2023, 2022 and 2021, respectively.

Interest charged to expense amounting to P14.4 million and P35.2 million in 2022 and 2021, respectively, is presented as Interest expense on loans under Finance Costs and Other Charges account in the statements of comprehensive income (see Note 18.2).

14. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2023**	2022
Trade payables		**P 390,562,367**	P 479,884,990
Deferred output VAT		**1,000,062,554**	750,367,439
Commissions payable	21.7(a)	**208,877,417**	197,117,617
Retention payable		**65,775,014**	71,608,559
Withholding tax and other government contributions payable		**51,838,429**	52,780,084
Due to joint venturers		**54,377,203**	35,273,461
Others	13	**109,676,964**	90,411,188
		P1,881,169,948	P1,677,443,338

Trade payables include the unpaid portion of land for future development acquired by the Company and other payables in the normal course of business.

Due to joint ventures represent the share of JV partners in the proceeds from the sale of certain projects in accordance with various JV agreements entered into by the Company.

Commissions payable represent amounts due to the Company's various sales agents for units sold in the ordinary course of business.

Other payables consist primarily of refund liability, output VAT payable, security deposits and accrued interest payable. In 2023, the Company derecognized certain liabilities amounting to P36.5 million which resulted in a gain on derecognition of payables presented as part of Others in the 2023 statement of comprehensive income. There was no similar transaction in 2022 and 2021.

15. OTHER NON-CURRENT LIABILITIES

This account consists of:

	2023	2022
Retention payable	**P 327,861,386**	P 279,513,399
Advanced rental	**9,051,173**	5,299,379
	P 336,912,559	P 284,812,778

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. Upon completion of the contracted projects, the amounts are remitted back to the contractors.

Advanced rental refers to the rental payments advanced by the lessee during the year which will be applied to the subsequent payments.

16. REVENUES

16.1 Disaggregation of Revenues

The Company derives revenues from sale of real estate. An analysis of the Company's major source of revenues is presented below.

	2023	2022	2021
Geographical areas			
Luzon	**P1,954,736,080**	P2,219,161,052	P 974,471,389
Visayas	**2,356,836,149**	1,218,479,189	1,207,388,079
	P4,311,572,229	P3,437,640,241	P 2,181,859,468
Types of products			
Residential lots	**P 832,019,179**	P1,996,363,543	P 586,018,196
Residential condominium	**2,494,168,411**	1,418,638,812	1,547,891,647
Commercial lots	**985,384,639**	22,637,886	47,949,625
	P4,311,572,229	P3,437,640,241	P 2,181,859,468

16.2 Contract Accounts

a. Contract Assets

The Company's contract assets are classified as follows:

	2023	2022
Current	**P2,726,170,570**	P2,275,299,997
Non-current	**676,371,699**	427,392,766
	P3,402,542,269	P2,702,692,763

The significant changes in the contract assets balances during the year are as follows:

	2023	2022
Balance at beginning of year	**P2,702,692,763**	P2,112,841,135
Transfers from contract assets recognized at the beginning of the year to accounts receivables	**(530,296,407)**	-
Increase as a result of changes in measurement of progress, net of collections	**1,230,145,913**	589,851,628
Balance at end of year	**P3,402,542,269**	P 2,702,692,763

b. Contract Liabilities

The Company's contract liabilities are classified as follows:

	2023	2022
Current	**P 17,161,181**	P 79,955,476
Non-current	**221,001,249**	74,304,852
	P 238,162,430	P 154,260,328

The significant changes in the contract liabilities balances during the year are as follows:

	2023	2022
Balance at beginning of year	**P 154,260,328**	P 101,334,033
Revenue recognized previously included in contract liability at the beginning of the year	**(16,129,331)**	-
Increase as due to cash received excluding amount recognized as revenue during the year	**100,031,433**	52,926,295
Balance at end of year	**P 238,162,430**	P 154,260,328

16.3 Direct Contract Cost

The Company incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets in the statements of financial position (see Note 7). These are amortized over the expected construction period on the same basis as how the Company measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization for 2023, 2022 and 2021 is presented as part of Commissions under Other Operating Expenses account in statements of comprehensive income (see Note 17).

The movement in balances of deferred commission in 2023 and 2022 is presented below:

	Notes	**2023**	2022
Balance at beginning of year		**P 344,042,359**	P 250,644,786
Additions for the year		**240,762,801**	221,789,666
Amortization for the year	17	**(142,941,300)**	(128,392,093)
Balance at end of year	7	**P 441,863,860**	P 344,042,359

16.4 Transaction Price Allocated to Unsatisfied Performance Obligation

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2023 and 2022 is P2,078.9 million and P2,380.2 million, respectively. As of December 31, 2023 and 2022, the Company expects to recognize revenue from unsatisfied contracts as follows:

	2023	2022
Within a year	**P 975,848,920**	P 950,806,844
More than one year to three years	**839,171,270**	1,242,970,452
More than three years to five years	**263,866,570**	186,388,815
	P2,078,886,760	P2,380,166,111

17. OPERATING EXPENSES BY NATURE

Presented below are the details of this account.

	Notes	**2023**	2022	2021
Cost of real estate sales		**P 1,819,711,621**	P 1,141,903,827	P 932,286,081
Salaries and employee benefits	19.1	**425,939,550**	337,947,183	271,901,209
Commissions	16.3, 21.7(a)	**194,520,667**	181,059,197	120,613,948
Depreciation and amortization	10, 11, 12, 21.2	**120,844,545**	124,257,764	127,909,533
Professional fees and outside services		**48,312,903**	48,580,952	32,185,799
Subscriptions and membership dues		**25,624,033**	24,666,550	12,616,276
Transportation and travel		**23,016,372**	27,061,708	12,052,382
Rentals	11.3	**20,840,125**	17,724,270	18,252,203
Utilities		**20,180,118**	33,545,533	15,828,242
Taxes and licenses	12	**19,310,391**	45,677,687	27,312,160
Management fees	21.6	**8,571,429**	12,171,429	10,939,232
Repairs and maintenance	12	**6,991,646**	10,574,748	7,144,221
Representation and entertainment		**6,295,062**	13,179,625	1,811,846
Advertising and promotions		**4,583,375**	5,154,016	3,765,256
Registration and other fees		**2,904,896**	3,810,976	1,186,226
Agency fees		**2,778,190**	1,292,485	1,662,688
Insurance		**1,093,905**	1,500,512	1,594,476
Directors' fees	21	**450,000**	450,000	350,000
Miscellaneous		**28,991,484**	28,211,671	7,948,982
		P 2,780,960,312	P 2,058,770,133	P 1,607,360,760

These expenses are classified in the statements of comprehensive income as follows:

	Note	2023	2022	2021
Cost of real estate sales		**P 1,819,711,621**	P 1,141,903,827	P 932,286,081
Cost of rentals	12	**44,011,075**	45,972,955	47,108,997
Other operating expenses		**917,237,616**	870,893,351	627,965,682
		P 2,780,960,312	P 2,058,770,133	P 1,607,360,760

The cost of real estate sales is further broken down as follows:

	Note	2023	2022	2021
Contracted services		**P 1,629,160,239**	P 968,249,562	P 869,425,151
Land cost		**153,361,089**	106,665,678	23,232,689
Borrowing cost	13	**37,190,293**	66,988,587	39,628,241
		P 1,819,711,621	P 1,141,903,827	P 932,286,081

18. FINANCE INCOME AND FINANCE COSTS AND OTHER CHARGES

18.1 Finance Income

Presented below are the details of this account.

	Notes	2023	2022	2021
Interest income from:				
Real estate sales	5	**P 100,568,704**	P 64,639,351	P 56,567,959
Finance lease	5	**34,355,507**	38,419,379	42,130,827
Cash in banks and short-term placements	4	**18,898,106**	24,516,037	7,114,254
Advances to related parties	21.4	**12,847,230**	12,265,193	4,755,788
		166,669,547	139,839,960	110,568,828
Foreign exchange gains - net		**10,159,664**	13,401,592	9,372,228
		P 176,829,211	P 153,241,552	P 119,941,056

18.2 Finance Costs and Other Charges

Presented below are the details of this account.

	Notes	2023	2022	2021
Interest expense on:				
Lease liabilities	11.4, 21.2(b)	**P 33,486,530**	P 36,035,225	P 38,068,805
Advances from related parties	21.5	**9,586,218**	9,158,872	9,637,114
Retirement benefit obligation (RBO)	19.2	**5,093,491**	3,898,949	2,852,918
Loans	13, 21.7(c)	**-**	14,397,986	35,166,701
Others		**2,976,346**	2,486,967	996,634
		51,142,585	65,977,999	86,722,172
Loss on cancellation		**119,315,337**	149,827,672	52,236,255
Loss on refund		**1,952,351**	1,290,225	161,958
Impairment loss	21.4	**-**	22,832,265	21,454,577
		P 172,410,273	P 239,928,161	P 160,574,962

19. EMPLOYEE BENEFITS

19.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Note	2023	2022	2021
Short-term benefits		**P 418,144,760**	P 326,851,727	P 258,601,260
Post-employment benefit	19.2	**7,794,790**	11,095,456	13,299,949
		P 425,939,550	P 337,947,183	P 271,901,209

19.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains an unfunded, non-contributory post-employment defined benefit plan covering all regular employees. The plan provides for lump-sum benefits equivalent to 85% to 150% of the employee's monthly salary for every year of service depending on the number of years of service. The normal retirement age is 60 years and applicable upon completion of five years of faithful and continuous service to the Company. However, an employee who attains the age of 50 with the completion of no less than 10 years of service; or upon completion of 15 years of service and opts for an early retirement is likewise entitled to the same benefits. Actuarial valuations are made annually to update the retirement benefit costs.

(b) *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are to be made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2023 and 2022.

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2023	2022
Balance at beginning of year	**P 64,885,242**	P 75,871,042
Current service cost	**7,794,790**	11,095,456
Interest expense	**5,093,491**	3,898,949
Benefits paid	**-**	(1,661,842)
Benefits shouldered by the Company	**-**	287,035
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**10,478,709**	(26,445,194)
Experience adjustments	**(1,735,567)**	1,839,796
Balance at end of year	**P 86,516,665**	P 64,885,242

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit plan are shown below.

	2023	2022	2021
Reported in profit or loss:			
Current service cost	**P 7,794,790**	P 11,095,456	P 13,299,949
Interest cost	**5,093,491**	3,898,949	2,852,918
	P 12,888,281	P 14,994,405	P 16,152,867
Reported in other comprehensive loss (income) –			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	**P 10,478,709**	(P 26,445,194)	(P 12,879,133)
Experience adjustments	**(1,735,567)**	1,839,796	-
	P 8,743,142	(P 24,605,398)	(P 12,879,133)

The amounts of current service cost incurred are presented as part of Salaries and employee benefits under Other Operating Expenses account in the statements of comprehensive income (see Note 17). The amounts of interest expense related to the retirement benefit obligation are presented as Interest Expense on RBO under Finance Costs and Other Charges in the statements of comprehensive income (see Note 18.2).

The amount recognized in other comprehensive income is included as an item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment defined benefit obligation, the following significant actuarial assumptions were used:

	2023	2022	2021
Discount rates	**6.66%**	7.85%	5.12%
Expected rate of salary increase	**4.00%**	4.00%	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average expected remaining working life of employees retiring at the age of 60 is 32 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 Company to actuarial risks such as interest rate risk and longevity and salary risks.

(i) *Interest Risk*

The present value of the DBO 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.

(ii) *Longevity and Salary Risks*

The present value of the DBO 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 and the timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) *Sensitivity Analysis*

	Impact on Retirement Benefit Obligation		
	Change in Assumptions	**Increase in Assumptions**	**Decrease in Assumptions**
December 31, 2023			
Discount rate	**+/- 0.5%**	**(P 4,763,224)**	**P 5,369,161**
Salary increase rate	**+/- 1.0%**	**11,563,897**	**(9,087,885)**
December 31, 2022			
Discount rate	+/- 0.5%	(P 3,164,040)	P 3,553,699
Salary increases rate	+/- 1.0%	7,585,703	(6,099,954)

The 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 DBO 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 DBO 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) Funding Arrangements and Expected Contributions

The plan is currently unfunded as at December 31, 2023. While there is no minimum funding requirement in the country, the non-funding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

The maturity profile for the next 20 years of undiscounted expected benefit payments from the plan as of December 31 follows.

	2023	2022
Within one year	**P 7,818,463**	P 4,030,351
More than one year to five years	**6,847,342**	5,744,965
More than five years to 10 years	**28,926,447**	30,020,700
More than 10 years to 15 years	**85,048,137**	52,866,072
More than 15 years to 20 years	**231,244,863**	229,879,196
	P 359,885,252	P 322,541,284

The weighted average duration of the defined benefit obligation at the end of the reporting period is 23 years.

20. CURRENT AND DEFERRED TAXES

On March 26, 2021, Republic Act (R.A.) 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.

The components of tax expense as reported in the statements of comprehensive income are as follows:

	2023	2022	2021
Reported in profit or loss:			
Current tax expense:			
RCIT at 25% and 30%	**P 109,332,043**	P 48,170,145	P 106,353,705
Final tax at 20% and 15%	**3,776,740**	4,899,686	1,420,173
Effect of change in income tax rate	**-**	-	(2,181,529)
	113,108,783	53,069,831	105,592,349
Deferred tax expense relating to			
Origination and reversal of temporary differences	**480,057,531**	413,241,422	211,069,271
Effect of change in income tax rate	**-**	-	(209,239,777)
	480,057,531	413,241,422	1,829,494
	P 593,166,314	P 466,311,253	P 107,421,843
Reported in other comprehensive income:			
Deferred tax expense (income) relating to remeasurements of retirement benefit plan	**(P 2,185,786)**	P 6,151,350	P 3,219,783
Effect of change in income tax rate	**-**	-	(220,694)
	(P 2,185,786)	P 6,151,350	P 2,999,089

A reconciliation of tax on pre-tax profit computed at the applicable statutory rates to income tax expense reported in the statements of comprehensive income is presented below.

	2023	2022	2021
Tax on pre-tax profit at 25% in 2023, 2022 and 2021	**P 594,789,710**	P 541,084,223	P 351,568,554
Adjustment for income subjected to lower income tax rates	**(944,906)**	(1,229,324)	(358,391)
Effect of change in income tax rate	**-**	-	(211,421,306)
Tax effects of:			
Non-taxable income	**(105,693,268)**	(129,603,038)	(52,517,117)
Non-deductible expenses	**107,831,904**	54,833,590	19,794,390
Reversal of previously recognized deferred taxes	**(3,762,031)**	-	-
Non-deductible interest expense	**944,905**	1,225,802	355,713
	P 593,166,314	P 466,311,253	P 107,421,843

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

	2023	2022
Unrealized profit on real estate sale	**(P 1,696,531,833)**	(P 1,268,106,983)
Marketing fee receivable	**(135,651,230)**	(133,566,089)
Capitalized borrowing cost	**(168,772,596)**	(131,986,343)
Finance lease	**(110,532,961)**	(130,135,481)
Deferred commission	**(102,187,174)**	(80,769,792)
Share-based employee compensation	**-**	59,106,392
Leases	**81,743,085**	23,630,064
Rental income	**(39,837,780)**	(27,737,071)
Retirement benefit obligation	**21,629,167**	16,442,003
Refund liability	**(4,790,523)**	(3,186,318)
Unrealized foreign exchange gain – net	**(2,599,916)**	(3,350,398)
	(P 2,157,531,761)	(P 1,679,660,016)

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

	Profit or Loss			**Other Comprehensive Income**		
	2023	2022	2021	**2023**	2022	2021
Unrealized profit on real estate sales	**P 428,424,850**	P 330,717,315	(P 37,806,818)	**P -**	P -	P -
Rental income	**12,100,709**	3,926,702	(50,032)	**-**	-	-
Capitalized borrowing cost	**36,786,253**	37,071,684	11,002,795	**-**	-	-
Deferred commission	**21,417,382**	21,346,254	(17,923,080)	**-**	-	-
Finance lease	**(19,602,520)**	9,604,845	(11,466,879)	**-**	-	-
Leases	**(58,113,021)**	(7,696,834)	8,509,947	**-**	-	-
Retirement benefit obligation	**(3,001,378)**	(3,404,900)	(298,145)	**(2,185,786)**	6,151,350	2,999,089
Marketing fee receivable	**2,085,141**	18,687,888	28,081,409	**-**	-	-
Unrealized foreign exchange gains (losses) – net	**(750,482)**	1,007,341	3,954,313	**-**	-	-
Refund liability	**1,604,205**	1,981,127	6,004,706	**-**	-	-
Share-based employee compensation	**59,106,392**	-	11,821,278	**-**	-	-
Deferred tax expense (income)	**P 480,057,531**	P 413,241,422	P 1,829,494	**(P 2,185,786)**	P 6,151,350	P 2,999,089

In 2023, and 2022, the Company is subject to the MCIT which is computed at 1.5% 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 2023, 2022 and 2021 since the RCIT was higher than MCIT in those years. In 2023, 2022 and 2021, the Company opted to continue claiming itemized deductions in computing for its income tax due.

21. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, subsidiaries, associates, a stockholder, the Company's key management personnel and others as described below.

21.1 Summary of Related Party Transactions

The summary of the Company's transactions with its related parties for the years ended December 31, 2023, 2022 and 2021, and the related outstanding balances as of December 31, 2023 and 2022 is as follows:

Related Party Category	Notes	Amount of Transactions 2023	2022	2021	Outstanding Balances 2023	2022
Parent company:						
Lease liability	21.2(b)	**(P 31,105,865)**	(P 27,117,614)	(P 25,130,147)	**(P 63,418,879)**	(P 94,524,744)
Right-of-use assets	21.2(b)	**(31,653,508)**	(34,374,866)	(31,653,608)	**61,806,381**	93,459,889
Availments of advances – net of interest	21.5	**37,747,297**	(25,694,190)	(10,129,879)	**(169,856,198)**	(207,603,495)
Interest – advances	21.5	**(9,586,218)**	(9,158,872)	(9,637,114)	**-**	-
Services	21.6	**8,571,429**	8,571,429	8,571,429	**-**	-
Commission expense	21.7(a)	**4,057,829**	5,009,794	3,609,256	**-**	-
Interest-bearings loans	21.7(c)	**1,000,000,000**	(1,000,000,000)	(1,000,000,000)	**(1,000,000,000)**	(2,000,000,000)
Interest – loans	21.7(c)	**(122,907,500)**	(78,604,726)	(520,274)	**-**	-
Subsidiaries:						
Net grants of cash advances	21.4	**148,020,575**	(3,318,815)	(32,609,044)	**8,467,307,901**	8,319,287,326
Commission income	21.7(b)	**90,863,807**	15,231,540	222,394,161	**-**	-
Commission expense	21.7(a)	**124,546,618**	119,171,887	109,383,745	**(118,046,488)**	(105,327,387)
Management and marketing income	21.3	**95,278,350**	133,222,680	59,999,202	**169,423,465**	160,453,674
Repayments (availments) of advances	21.5	**158,662,623**	(15,575,609)	43,006,656	**(174,238,232)**	(15,575,609)
Rental income	21.2(a)	**48,660,383**	30,128,123	30,026,439	**105,674,836**	119,556,691
Loans receivable	21.7(c)	**-**	-	134,217,245	**134,217,245**	134,217,245
Interest income	21.7(c)	**8,053,035**	7,999,7161	671,086	**671,767**	671,767
Other investees of shareholders:						
Granting of cash advances – net of collections	21.4	**(12,881,422)**	(48,435,709)	40,777,917	**1,673,339,845**	1,686,221,287
Interest income	21.4	**4,794,195**	4,265,477	4,084,702	**50,396,368**	46,311,666
Rental income	21.2(a)	**-**	-	-	**-**	194,513
Net repayments (availments) of cash advances	21.5	**10,590,185**	(20,879,445)	(63,066)	**(84,069,339)**	(94,659,524)
Officers and employees – Granting of cash advances – net of collections	21.4	**24,694,225**	5,705,196	(27,506,492)	**116,226,718**	91,532,493
Key Management Personnel – Compensation	21.8	**29,487,469**	27,388,864	21,940,337	**-**	-
Stockholders – Director's fees	17	**450,000**	450,000	350,000	**-**	-

Unless otherwise stated, the related receivables and payables from these transactions are short-term, unsecured, noninterest-bearing and are generally settled in cash upon demand.

Based on management's assessment, certain advances to related parties were impaired as of December 31, 2023 and 2022. As such, adequate amount of allowance of ECL is recognized (see Note 25.2).

21.2 Rental Income and Rental Expense

(a) Company as a Lessor

The Company leases its investment property to certain related parties with rental payments mutually agreed on a yearly basis. The rental earned from these related parties, which are based either on fixed monthly payments or with annual escalation rate of 5% per agreement, are included as part of Rental Income account in the statements of comprehensive income (see Note 12). The outstanding receivables from these transactions are presented as part of Rental receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5).

The outstanding receivables from these transactions are short-term, unsecured, noninterest-bearing and are generally settled in cash upon demand.

(b) Company as a Lessee

In December 2020, the Company entered into a new lease agreement as lessee with Megaworld covering the Company's new office space and recognized related right-of-use asset and lease liability. The corresponding amortization of the right-of-use asset amounted to P18.0 million in 2023, 2022 and 2021 and is presented as part of Depreciation and amortization under Other Operating Expenses in the statements of comprehensive income (see Note 17). Interest incurred on lease liability amounted to P3.6 million, P4.9 million and P6.0 million in 2023, 2022, and 2021, respectively, and is presented as part of Interest expense under Finance Costs and Other Charges in the statements of comprehensive income, respectively (see Note 18.2). As of December 31, 2023, the related carrying amounts of the right-of-use asset and lease liability amounted to P34.5 million and P35.8 million, respectively, while as of December 31, 2022, the related carrying amounts of the right-of-use asset and lease liability amounted to P52.5 million and P53.8 million, respectively.

In January 2021, the Company entered into another lease agreement with Megaworld as lessee for a new office space. The Company recognized right-of-use asset amounting to P68.2 million and lease liability amounting to P62.1 million. The corresponding amortization of the right-of-use asset amounted to P13.6 million and is presented as part of the Operating Expenses in the statements of comprehensive income (see Note 17). Interest expense incurred in relation to the lease liability amounted to P2.8 million, P3.7 million, and P4.5 million in 2023, 2022, and 2021, respectively, and is presented as part of the Interest Expense under the Finance Costs and Other Charges in the statements of comprehensive income (see Note 18.2). As of December 31, 2023, the carrying value of right-of-use asset and lease liability amounted to P27.3 million and P27.6 million, respectively, while as of December 31, 2022, the carrying value of right-of-use asset and lease liability amounted to P40.9 million and P40.8 million, respectively.

21.3 Management and Marketing Income

In 2017, the Company and FEUDC entered into an agreement wherein the Company shall provide technical guidance in terms of management and supervision of the latter's operations and in return, the Company shall receive management fees.

In 2012, the Company and OPI entered into an exclusive marketing agreement wherein the Company is appointed as the exclusive marketing agent of certain projects of OPI. The Company shall be responsible for all expenses incurred for advertising, promotion, printing of brochures, marketing research, sales management, and documentation of sales. In consideration for the services rendered to OPI, the Company will receive a management fee equivalent to 5% and marketing fee equivalent to 12% of the cash collections from the sale of lots.

Management and marketing fee earned in relation to the above agreements is presented as part of Management and Marketing Income account in the statements of comprehensive income. The related outstanding receivable from this transaction amounted to P169.4 million and P160.5 million as at December 31, 2023 and 2022, respectively, is presented as part of Marketing and management fee receivable under Trade and Other Receivables account in the statements of financial position (see Note 5).

The outstanding receivables from these transactions are short-term, unsecured, noninterest-bearing and are generally settled in cash upon demand.

21.4 Advances to Related Parties and Officers and Employees

The Company grants advances to its subsidiaries, associates, and other related parties for working capital purposes. The balances of these advances, net of the allowance for impairment, shown as Advances to Related Parties account in the statements of financial position, are as follows:

	2023	2022
Subsidiaries	**P 8,467,307,901**	P 8,319,287,326
Other investees of shareholders	**1,673,339,845**	1,686,221,287
	P 10,140,647,746	P10,005,508,613

A summary of transactions with these related parties are as follows:

	2023	2022	2021
Subsidiaries:			
Balance at beginning of year	**P 8,319,287,326**	P 8,322,606,141	P 8,355,215,185
Cash advance granted	**152,987,138**	195,699,544	-
Collections	**(4,966,563)**	(180,677,684)	(15,225,284)
Impairment loss	**-**	(18,340,675)	(17,383,760)
Balance at end of year	**P 8,467,307,901**	P 8,319,287,326	P 8,322,606,141
Other investees of shareholders:			
Balance at beginning of year	**P 1,686,221,287**	P 1,734,656,996	P 1,693,879,079
Collections	**(91,188,873)**	(75,149,896)	-
Cash advances granted	**78,307,431**	31,205,777	44,848,734
Impairment loss	**-**	(4,491,590)	(4,070,817)
Balance at end of year	**P 1,673,339,845**	P 1,686,221,287	P 1,734,656,996

The advances to related parties are unsecured, due and demandable any time and are generally payable in cash. Except for the advances to Camp John Hay Development Corporation (CJDEVCO) and Golforce, Inc., these advances are noninterest-bearing. The advances to CJDEVCO and Golforce, Inc. totalling P46.5 million and P46.5 million as at December 31, 2023 and 2022, respectively, bear annual interest of 16% in both years. Interest earned from these advances amounted to P4.1 million in 2023, 2022 and 2021, and is shown as part of Finance Income account in the statements of comprehensive income (see Note 18.1). The interest receivable from these advances amounting to P51.0 million and P46.9 million as at December 31, 2023, and 2022, respectively, is shown as part of Interest receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5).

In 2022 and 2021, the Company's management assessed that certain advances to related parties were impaired. The impairment loss is presented as part of Finance Costs and Other Charges in the 2022 and 2021 statements of comprehensive income (see Note 18.2). There was no impairment recognized for 2023.

The Company also has unsecured and noninterest-bearing outstanding Advances to officers and employees which are presented under the Trade and Other Receivables account in the statements of financial position (see Note 5). These are settled through salary deduction or liquidation.

21.5 Advances from Related Parties

The Company obtains advances from a subsidiary and other related parties for working capital purposes. These advances are unsecured and are repayable in cash upon demand. Also, except for the advances from Megaworld, these advances are noninterest-bearing.

The outstanding advances from these related parties shown as Advances from Related Parties account in the statements of financial position are as follows:

	2023	2022
Parent company	**P 169,856,198**	P 207,603,495
Subsidiary	**174,238,232**	15,575,609
Other investees of shareholders	**84,069,339**	94,659,524
	P 428,163,769	P 317,838,628

A summary of transactions with these related parties are as follows:

	2023	2022	2021
Parent company:			
Balance at beginning of year	**P 207,603,495**	P 181,909,305	P 171,779,426
Cash advances obtained (paid)	**(47,333,515)**	16,535,318	492,765
Interest expense	**9,586,218**	9,158,872	9,637,114
Balance at end of year	**P 169,856,198**	P 207,603,495	P 181,909,305
Subsidiary:			
Balance at beginning of year	**P 15,575,609**	P -	P 43,006,656
Cash advances obtained	**158,662,623**	15,575,609	-
Repayments	**-**	-	(43,006,656)
Balance at end of year	**P 174,238,232**	P 15,575,609	P -
Other investees of shareholders:			
Balance at beginning of year	**P 94,659,524**	P 73,780,079	P 73,717,013
Repayments	**(10,613,203)**	(308,611)	(77,050)
Cash advances obtained	**23,018**	21,188,056	140,116
Balance at end of year	**P 84,069,339**	P 94,659,524	P 73,780,079

The advances from Megaworld bear annual interest of 6.0%. The interest expense incurred in 2023, 2022 and 2021 are presented as part of Finance Costs and Other Charges in the statements of comprehensive income (see Note 18.2).

The related unpaid interest amounting to P71.3 million and P75.0 million as at December 31, 2023 and 2022, respectively, is included as part of the Advances from Related Parties account in the statements of financial position.

21.6 Services

The Company obtains services from a related party for a fixed consideration. The amount of expenses incurred from such transaction is recorded as part of Management fees under the Other Operating Expenses account in the statements of comprehensive income (see Note 17). There were no outstanding payable related to this transaction.

21.7 Others

(a) Commission Expense

In the normal course of business, the Company pays commissions to Megaworld and MGEI for marketing services rendered with the purpose of increasing sales from the Company's projects.

The commissions are based on pre-agreed rates and are payable once a certain percentage of the contract price has been collected. Commissions incurred are presented as part of Commissions under Other Operating Expenses account in the statements of comprehensive income (see Note 17). The related outstanding payable is presented as part of Commission payable under Trade and Other Payables account in the statements of financial position (see Note 14).

The outstanding payables from these transactions are short-term, unsecured, noninterest-bearing and generally settled in cash upon demand.

(b) Commission Income

The Company provided marketing services to TLC to increase the latter's real estate sales. Total amount of commission income earned is included as Commission Income under Revenues account in the statements of comprehensive income. There are no outstanding receivables related to this transaction as at December 31, 2023 and 2022.

(c) Loans Obtained and Granted

The Company granted an unsecured interest-bearing loan to TLC amounting to P134.2 million, payable quarterly for five years until 2026, inclusive of two years grace period on principal repayment, with an interest rate of 6%. The outstanding loan receivables as of December 31, 2023, and 2022 amounted to P134.2 million and is presented as part of Trade and Other Receivables account in the statements of financial position (see Note 5). The related interest from these loans amounting to P8.1 million and P8.0 million is presented as part of Interest Income under Finance Income account in the statements of financial position (see Note 18.1).

The Company obtained unsecured, interest-bearing loans from Megaworld for its working capital requirements in 2022 and 2021. The outstanding balance of the loans amounted to P1.0 billion and P2.0 billion as of December 31, 2023 and 2022, respectively, and is presented as part of Interest-bearing Loans account in the statements of financial position (see Note 13). The related interest from these loans is presented as part of Inventories account in the statements of financial position (see Note 6).

(d) Others

The Company has control of funds amounting to P11.6 million and P20.1 million as at December 31, 2023 and 2022, respectively, that are held in trust by MGEI. These are included as part of the Cash and Cash Equivalents account in the statements of financial position (see Note 4).

21.8 Key Management Personnel Compensation

The Company's key management personnel compensation, which is presented as part of Salaries and employee benefits (see Note 19.1), includes the following:

	2023	2022	2021
Short-term benefits	**P 24,277,531**	P 22,990,622	P 18,452,469
Post-employment defined benefit	**5,209,938**	4,398,242	3,487,868
	P 29,487,469	P 27,388,864	P 21,940,337

21.9 Dividends Paid to the Parent Company

The Parent Company received dividends from the Company amounting to P102.1 million in 2023 (see Note 22.2). There were no outstanding liabilities relating to this transaction as of December 31, 2023.

22. EQUITY

22.1 Capital Stock

Capital stock as of December 31, 2023 and 2022 consists for both years:

	Shares	**Amount**
Common shares – P1 par value		
Authorized	20,000,000,000	P 20,000,000,000
Issued and outstanding		
Balance at end of year	10,986,000,000	P 10,986,000,000

On November 23, 1995, the SEC approved the listing of the Company's common shares totaling 150.0 million. The shares were initially issued at an offer price of P19.50 per common share. As at December 31, 2023 and 2022, there are 4,152 and 4,164 holders of the listed shares, which closed at P0.95 per share and P0.93 per share, respectively.

The Company also made additional listings of 5.0 billion and 2.5 billion shares with offer prices at P1.00 per share and P2.26 per share January 20, 2012 and August 14, 2013, respectively.

22.2 Cash Dividends

On June 30, 2023, the BOD approved the declaration and distribution of cash dividends amounting to P124.1 million to all stockholders of record as of July 28, 2023 payable on August 23, 2023. There was no similar declaration in 2022 and 2021.

22.3 Employee Stock Option Plan

On September 23, 2011, the BOD of the Company approved an Executive Stock Option Plan (the ESOP) for its key executive officers. This was approved on November 8, 2011 by stockholders holding at least 2/3 of the outstanding capital stock. The purpose of the ESOP is to enable the key executives and senior officers of the Company, who are largely responsible for its further growth and development, to obtain an ownership interest in the Company, thereby encouraging long-term commitment to the Company. The ESOP is being administered by the Executive Compensation Committee of the BOD.

Under the ESOP, the Company shall initially reserve for exercise of stock options up to 500.0 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Stock options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Company's shares for twelve months immediately preceding the date of grant. The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The Company shall receive cash for the stock options.

As of December 31, 2023 and 2022, pursuant to this ESOP, the Company has granted the option to its key company executives to subscribe to 400.0 million shares of the Company. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All options have vested as at December 31, 2021, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods. As at December 31, 2023, there are no remaining share options that can be exercised.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation were shown below.

Grant dates	:	February 16, 2012, February 18, 2013 March 7, 2014, March 9, 2015, July 14, 2016
Vesting period ends	:	February 15, 2015, February 17, 2016, March 6, 2017, March 8, 2018, July 13, 2019
Option life	:	Seven years
Share price at grant dates	:	P2.10, P2.09, P1.60, P1.63, P1.02
Exercise price at grant dates	:	P1.93, P1.69, P1.50, P1.65, P1.00
Average fair value at grant dates	:	P2.27, P0.74, P0.42, P0.34, P0.24
Average standard deviation of share price returns	:	57.10%, 20.85%, 16.16%, 12.16%, 15.29%
Average risk-free investment rates	:	2.46%, 2.14%, 2.46%, 2.51%, 2.59%

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

23. EARNINGS PER SHARE

Earnings per share amounts were computed below.

	2023	2022	2021
Basic:			
Net profit for the year	**P 1,785,992,526**	P 1,698,025,640	P 1,298,852,373
Divided by weighted number of outstanding common shares	**10,986,000,000**	10,986,000,000	10,986,000,000
	P 0.163	P 0.155	P 0.118
Diluted:			
Net profit for the year	**P 1,785,992,526**	P 1,698,025,640	P 1,298,852,373
Divided by weighted number of outstanding common shares	**11,012,712,329**	11,036,000,001	11,086,000,002
	P 0.162	P 0.154	P 0.117

In relation to the approved ESOP for key executive officers, the remaining vested options exercisable by any of the option holders are considered as potentially dilutive shares.

24. COMMITMENTS AND CONTINGENCIES

24.1 Lease Commitments – Company as Lessor

The Company is a lessor under several operating leases covering real estate properties for commercial use and development rights (see Notes 11 and 12). The leases have lease terms ranging from one to five years, with renewal options, and include annual escalation rate of 5.0%. The average annual rental covering these agreements amounted to P141.7 million. Future minimum lease receivables under these agreements are presented below.

	2023	2022
Within one year	**P 138,335,372**	P 151,019,646
After one year but not more than two years	**128,562,199**	142,053,311
After two years but not more than three years	**115,255,940**	132,960,580
After three years but not more than four years	**112,035,161**	122,405,125
After four years but not more than five years	**119,752,566**	119,951,595
More than five years	**1,241,627,135**	1,409,852,970
	P 1,855,568,373	P 2,078,243,227

The undiscounted maturity analysis of finance lease receivable at December 31, 2023 and 2022 is 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, 2023							
Lease collection	P 26,846,871	P 27,514,054	P 26,281,499	P 24,301,659	P 25,030,708	P629,817,782	P 759,792,573
Interest income	(24,829,545)	(24,641,019)	(24,407,402)	(24,373,209)	(24,352,433)	(320,057,121)	(442,660,729)
Net present value	**P 2,017,326**	**P 2,873,035**	**P 1,874,097**	**(P 71,550)**	**P 678,275**	**P309,760,661**	**P 317,131,844**
December 31, 2022 – [As Restated – See Note 2.1(c)]							
Lease collection	P 88,699,119	P 89,346,871	P 90,014,054	P 26,281,499	P 24,301,659	P654,848,489	P 973,491,691
Interest income	(34,355,507)	(29,909,018)	(25,047,216)	(24,407,402)	(24,373,209)	(344,409,554)	(482,501,906)
Net present value	P 54,343,612	P 59,437,853	P 64,966,838	P 1,874,097	(P 71,550)	P310,438,935	P 490,989,785

24.2 Legal Claims

As at December 31, 2023 and 2022, the Company is a party to certain litigations arising from the normal course of business. No provision was recognized in the Company's financial statements because the ultimate outcome of these litigations cannot be presently determined. In addition, the Company's management believes that its impact in the financial statements, taken as a whole, is not material.

24.3 Others

There are other commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on their financial statements.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 26. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated in close cooperation with the BOD and 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 engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

25.1 Market Risk

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates, however, arise from the Company's cash and cash equivalents which are denominated in U.S. dollars.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

U.S. dollar denominated financial assets, translated into Philippine pesos at the closing rates at end of 2023, 2022 and 2021, pertain to cash and cash equivalents amounting to P19.5 million, P128.4 million and P75.9 million, respectively. The Company has no U.S. dollar denominated financial liabilities in 2023, 2022 and 2021.

If the Philippine peso had strengthened against the U.S. dollar, profit before tax would have decreased by P3.5 million and P24.2 million in 2023 and 2022, respectively. If the Philippine peso had weakened against the U.S. dollar, then this would have increased profit before tax in 2023, 2022 and 2021 by the same amount. This sensitivity of the net result for the year assumes a +/- 17.82%, +/- 18.88% and +/- 12.33% change of the Philippine peso/U.S. dollar exchange rate for the years ended December 31, 2023, 2022 and 2021, respectively. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months for 2023 and 2022 estimated at 99.0% level of confidence. The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of the reporting periods.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Company's foreign currency risk.

(b) *Interest Rate Risk*

As at December 31, 2023 and 2022, the Company is exposed to changes in market interest rates through its cash and cash equivalents and interest bearing loans, which are subject to variable interest rates (see Notes 4 and 13). All other financial assets and liabilities have fixed rates.

The sensitivity of the Company's profit before tax is analyzed based on reasonably possible change for the year to a reasonably possible change in interest rates of +/- 3.59%, +/- 1.53% and +/- 1.26% in 2023, 2022 and 2021, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months at a 99% confidence level. The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting period, with effect estimated from beginning of the year. All other variables held constant, if the interest rate increased, profit before tax would have decreased by P153.8 million in 2023, and increased by P3.8 million and P1.8 million 2022 and 2021, respectively. Conversely, if the interest rates decreased by the same percentages, profit before tax would have been higher in 2023 and lower in 2022 and 2021 by the same amount.

25.2 Credit Risk

Credit risk is the risk when a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and related parties and by placing deposits.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets and contract assets are the carrying amounts of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized in the succeeding pages.

	Notes	2023	2022 [As Restated – see Note 2.1(c)]
Cash and cash equivalents	4	**P 1,270,724,276**	P 1,187,741,758
Installment contracts receivable – net	5	**6,582,291,673**	5,011,747,871
Finance lease receivable	5	**317,131,844**	490,989,785
Rental receivables	5	**273,996,454**	342,844,514
Other receivables	5	**834,768,567**	763,626,099
Contract assets	16.2	**3,402,542,269**	2,702,692,763
Advances to related parties	21.4	**10,140,647,746**	10,005,508,613
Advances to joint ventures	8	**206,376,557**	220,137,555
Refundable deposits	7	**69,298,728**	64,911,308
		P23,097,778,114	P 20,790,200,266

(a) *Cash and Cash Equivalents*

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

As part of Company policy, bank deposits are only maintained with reputable financial institutions. Cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under R.A. No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, are still subject to credit risk.

With respect to cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance for impairment will be based on the lifetime ECL. The Company uses the ratings from Standard and Poor's to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

As of December 31, 2023, and 2022, there were no impairment losses recognized on the Company's cash and cash equivalents.

(b) *Trade and Other Receivables and Contract Assets*

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Company undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Company's buyers' profile.

The Company has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking information specific to the buyers and the economic environment.

The Company considers trade receivables in default when contractual payment is 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The provision rate based on days past due of all customers as they have similar loss patterns. The credit enhancements such advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from sale. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient.

Other components of receivables such as Rental receivables are also evaluated by the Company for impairment and assessed the no ECL should be provided. Rental receivables are secured to the extent of advance rental and security deposit received from the lessees, which are in average equivalent to six months.

The estimated fair value of collateral and other security enhancements held against installment contract receivables, contract assets and rent receivables are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
December 31, 2023			
Installment contracts receivable – net	P 6,582,291,673	P 12,349,553,567	P -
Contract assets	3,402,542,269	7,817,095,582	-
Rent receivables	245,336,095	82,216,882	163,119,213
	P 10,230,170,037	**P 20,248,866,031**	**P 163,119,213**
December 31, 2022 [As Restated – see Note 2.1(c)]			
Installment contracts receivable – net	P 5,011,747,871	P 9,204,797,337	P -
Contract assets	2,702,692,763	4,506,955,362	-
Rent receivables	342,844,514	78,035,913	264,808,601
	P 8,057,285,148	P 13,789,788,612	P 264,808,601

Some of the unimpaired trade and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2023	2022
Current (not past due)	**P7,529,466,676**	P6,345,184,633
Past due but not impaired:		
More than one month but not more than three months	**93,518,312**	53,904,149
More than three months but not more than six months	**65,677,702**	38,030,868
More than six months but not more than one year	**302,965,894**	236,068,279
	P7,991,628,584	P6,673,187,929

(c) *Advances to Related Parties and Advances to Joint Ventures*

ECL for Advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from certain related parties as of December 31, 2023 and 2022 are not recoverable since these related parties have no capacity to pay the advances upon demand. Accordingly, impairment loss amounting to P22.8 million for the year ended December 31, 2022, respectively, is recognized and is presented as part of Finance Costs and Other Charges account in the statements of comprehensive income (see Note 18.2). For the year ended December 31, 2023, no impairment loss was recognized. The allowance for impairment as of December 31, 2023, 2022 and 2021 amounted to P96.2 million, P96.2 million and P73.4 million, respectively.

The Company does not consider any significant risks in the remaining advances to related parties since Megaworld and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy.

In addition, there is also no significant risks in the advances joint ventures as these are advances to joint venturers in the Company's certain real estate projects which are set-off against the joint venturer's share in the collections of receivables pertaining to such projects. As of December 31, 2023 and 2022, impairment allowance is not material.

25.3 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 in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's financial liabilities have contractual maturities which are presented below.

	Notes	Current: Within 6 Months	Current: 6 to 12 Months	Non-current: 1 to 5 Years	Non-current: Beyond 5 Years
December 31, 2023:					
Interest-bearing loans	13	P 868,173,763	P 665,031,916	P 6,080,928,721	P 346,513,607
Trade and other payables	14, 15	763,493,951	65,775,014	-	327,861,386
Advances from related parties	14	-	437,749,987	-	-
Lease liabilities	11	34,343,702	34,343,701	143,220,507	663,229,876
		P1,666,011,416	**P 1,202,900,618**	**P 6,224,149,228**	**P1,337,604,869**
December 31, 2022 [As Restated – see Note 2.1(c)]:					
Interest-bearing loans	13	P 798,619,501	P 788,087,009	P 3,950,869,697	P 679,854,167
Trade and other payables	14, 15	802,687,256	71,608,559	-	279,513,399
Advances from related parties	21.4	-	326,997,500	-	-
Lease liabilities	11	33,901,562	33,901,561	184,941,058	691,250,294
		P1,635,208,319	P 1,220,594,629	P 4,135,810,755	P1,650,617,860

26. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

26.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

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

	2023 Carrying Values	2023 Fair Values	2022 [As Restated – see Note 2.1(c)] Carrying Values	2022 [As Restated – see Note 2.1(c)] Fair Values
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	**P 1,270,724,276**	**P 1,270,724,276**	P 1,187,741,758	P 1,187,741,758
Trade and other receivables – net	**8,008,188,538**	**8,008,188,538**	6,609,208,269	6,609,208,269
Advances to related parties	**10,140,647,746**	**10,140,647,746**	10,005,508,613	10,005,508,613
Advances to joint ventures	**206,376,557**	**206,376,557**	220,137,555	220,137,555
Refundable deposits	**69,298,728**	**69,298,728**	64,911,308	64,911,308
	P 19,695,235,845	**P 19,695,235,845**	P18,087,507,503	P18,087,507,503
Financial Liabilities				
Financial liabilities at amortized cost:				
Trade and other payables	**P 1,157,130,351**	**P 1,157,130,351**	P 1,153,809,214	P 1,153,809,214
Interest-bearing loans	**6,677,615,765**	**5,671,566,832**	5,539,215,676	4,754,954,078
Advances from related parties	**428,163,769**	**428,163,769**	317,838,628	317,838,628
Lease liabilities	**407,592,359**	**407,592,359**	442,785,022	442,785,022
	P 8,670,502,244	**P 7,664,453,311**	P 7,453,648,540	P 6,669,386,942

See Note 2.4 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 25.

26.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders or upon instruction by the parent company. As such, the Company's outstanding advances to related parties amounting to P10,255.9 million and P10,005.5 million can be offset by the number of outstanding advances from related parties amounting to P428.2 million and P317.8 million as at December 31, 2023 and 2022, respectively (see Note 21).

The Company has cash in a certain local bank to which it has an outstanding loan (see Note 13). In case of the Company's default on loan amortization, cash in bank amounting to P1,020.7 million and P889.0 million as of December 31, 2023 and 2022, respectively, can be applied against its outstanding loan amounting to P6,677.6 million and P5,539.2 million as of December 31, 2023 and 2022, respectively.

27. FAIR VALUE MEASUREMENT AND DISCLOSURES

27.1 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 levels of fair value hierarchy are shown below.

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

- 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,

- 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.

27.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table in the succeeding page summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the 2023 and 2022 statements of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
December 31, 2023:				
Financial Assets:				
Cash and cash equivalents	P1,270,724,276	P -	P -	P 1,270,724,276
Trade and other receivables – net	-	-	7,991,628,587	7,991,628,587
Advances to related parties	-	-	10,140,647,746	10,140,647,746
Advances to joint ventures	-	-	206,376,557	206,376,557
Refundable deposits	-	-	69,298,728	69,298,728
	P1,270,724,276	**P -**	**P18,407,951,618**	**P19,678,675,894**
Financial Liabilities:				
Trade and other payables	P -	P -	P 1,157,130,351	P 1,157,130,351
Interest-bearing loans	-	-	5,671,566,832	5,671,566,832
Advances from related parties	-	-	428,163,769	428,163,769
Lease liabilities	-	-	407,592,359	407,592,359
	P -	**P -**	**P 7,664,453,311**	**P 7,664,453,311**
December 31, 2022 [As Restated – See Note 2.1(c)]:				
Financial Assets:				
Cash and cash equivalents	P1,187,741,758	P -	P -	P 1,187,741,758
Trade and other receivables – net	-	-	6,609,208,269	6,609,208,269
Advances to related parties	-	-	10,005,508,613	10,005,508,613
Advances to joint ventures	-	-	220,137,555	220,137,555
Refundable deposits	-	-	64,911,308	64,911,308
	P1,187,741,758	P -	P16,899,765,745	P18,087,507,503
Financial Liabilities:				
Trade and other payables	P -	P -	P 1,153,809,214	P 1,153,809,214
Interest-bearing loans	-	-	4,754,954,078	4,754,954,078
Advances from related parties	-	-	317,838,628	317,838,628
Lease liabilities	-	-	442,785,022	442,785,022
	P -	P -	P 6,669,386,942	P 6,669,386,942

The fair values of the financial assets and liabilities included in Level 3, which are not traded in an active market is determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

27.3 Investment Property Measured at Cost for which Fair Value is Disclosed

In estimating the fair value of the Company's investment property, management takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

The fair value of the investment property was determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 3 fair value of land was derived through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

(ii) Fair Value Measurement for Building and Improvements

The fair value of the Company's building and improvements, which are classified under Level 3 of the fair value hierarchy, is determined by calculating the present value of the cash inflows anticipated until the end of the life of the investment property using a discount rate applicable to these assets.

The breakdown of Investment Properties at its fair market value are as follows:

	2023	2022
Building and improvements	**P 2,461,875,511**	P 3,276,262,490
Land and land improvement	**8,691,930,343**	7,376,863,959
	P 11,153,805,854	P 10,653,126,449

28. 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.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and 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 also monitors its debt coverage ratio (DCR) and current ratio as required by its loan obligations (see Note 13). The Company has complied with its covenant obligations, including maintaining the required DCR and current ratio.

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

	2023	2022 [As Restated – see Note 2.1(c)]
Total liabilities	**P 12,900,551,705**	P 11,134,761,552
Total equity	**34,346,088,594**	32,692,677,553
Debt-to-equity ratio	**0.38:1:00**	0.34:1:00

The corresponding requirement of the debt-to-equity ratio on December 31 of each year shall not be more than 2:1.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities.

	Interest-bearing Loans (See Note 13)	Advances from Related Parties (See Note 21.5)	Lease Liabilities (See Note 11) [As Restated – see Note 2.1(c)]	Total
Balance as of January 1, 2023	P 5,539,215,676	P 317,838,628	P 442,785,022	P 6,299,839,326
Cash flows from financing activities:				
Additional borrowings	3,500,000,000	158,685,641	-	3,658,685,641
Repayments of borrowings	(2,361,599,911)	(57,946,718)	(39,848,055)	(2,459,394,684)
Non-cash financing activities:				
Offsetting			(26,199,115)	(26,199,115)
Interest expense	-	9,586,218	-	9,586,218
Interest amortization on lease liabilities	-	-	33,486,529	33,486,529
Pre-termination of lease	-	-	(2,632,022)	(2,632,022)
Balance as of December 31, 2023	**P 6,677,615,765**	**P 428,163,769**	**P 407,592,359**	**P 7,513,371,893**
Balance as of January 1, 2022	P 5,676,470,580	P 255,689,384	P 471,942,787	P 6,404,102,751
Cash flows from financing activities:				
Additional borrowings	1,000,000,000	53,298,983	-	1,053,298,983
Repayments of borrowings	(1,137,254,904)	(308,611)	(39,622,755)	(1,177,186,270)
Non-cash financing activities:				
Offsetting	-	-	(25,570,235)	(25,570,235)
Interest expense	-	9,158,872	-	9,158,872
Interest amortization on lease liabilities	-	-	36,035,225	36,035,225
Balance as of December 31, 2022	P 5,539,215,676	P 317,838,628	P 442,785,022	P 6,299,839,326
Balance as of January 1, 2021	P 4,397,058,820	P 288,503,095	P 473,635,321	P 5,159,197,236
Cash flows from financing activities:				
Additional borrowings	2,500,000,000	632,881	-	2,500,632,881
Repayments of borrowings	(1,220,588,240)	(43,083,706)	(46,917,893)	(1,310,589,839)
Non-cash financing activities:				
Recognition of lease liability	-	-	62,125,930	62,125,932
Offsetting	-	-	(54,969,376)	(54,969,378)
Interest expense	-	9,637,114	-	9,637,114
Interest amortization on lease liabilities	-	-	38,068,805	38,068,805
Balance as of December 31, 2021	P 5,676,470,580	P 255,689,384	P 471,942,787	P 6,404,102,751

30. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year 2023 required under RR No. 15-2010 is as follows:

(a) Output VAT

In 2023, the Company declared output VAT as follows:

	Tax base	Output VAT
Real estate sales:		
Taxable sales	P 1,749,667,826	P 209,960,139
Exempt sales	21,933,125	-
Rental income and management and marketing income	608,982,628	73,077,915
	P 2,380,583,579	**P 283,038,054**

The Company's exempt sales/receipts were determined pursuant to Section 109, *VAT Exempt Transactions*, of the 1997 National Internal Revenue Code, as amended.

The tax base is included as part of Real Estate Sales, Rental Income, Management and Marketing Income and Others in the statement of comprehensive income for the year ended December 31, 2023 and are based on the Company's gross receipts for the year; hence, may not be the same with the amounts accrued in the 2023 statement of comprehensive income.

The outstanding output VAT payable amounting to P21,064,906 as of December 31, 2023 is presented as part of Others under Trade and Other Payables account in the 2023 statement of financial position.

(b) Input VAT

The movement in input VAT for year ended December 31, 2023 is summarized below.

Balance at beginning of year	P -
Services lodged under other accounts	189,740,581
Goods other than for resale or manufacture	57,765,319
Capital goods subject to amortization	2,716,980
Capital goods not subject to amortization	100,280
Deferred input VAT on capital goods subject to amortization	187,379
Applied against exempt sales	(2,142,541)
Applied against output VAT	(248,367,998)
Balance at end of year	**P -**

Unamortized input VAT amounted to P37.2 million as of December 31, 2023 and is presented under Prepayments and Other Current Assets account in the 2023 statement of financial position.

(c) Taxes on Importation

The Company did not have any importations for the year ended December 31, 2023; hence, there was no payment of customs duties and tariff fees.

(d) Excise Tax

The Company did not have any transactions in 2023, which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

DST paid and accrued in 2023 is presented below.

Loan instruments	P	26,250,000
Others		50,543
	P	**26,300,543**

(f) Taxes and Licenses

The details of Taxes and licenses in 2023 are as follows:

DST	P	26,300,543
Business and local taxes		11,072,044
Real property taxes		5,300,926
Community tax certificate		13,727
Others		2,923,694
	P	**45,610,934**

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2023 are shown below.

Expanded	P	80,379,723
Compensation and employee benefits		28,971,282
Final withholding tax		1,050,168
	P	**110,401,173**

(h) Deficiency Tax Assessments and Tax Cases

In 2023, the Company has paid deficiency taxes on all Internal Revenue taxes totalling to P14,250,382, inclusive of P3,425,722 interest, P55,000 compromise penalty, and P148,530 surcharge relating to the taxable years 2020 and 2021 presented as part of Miscellaneous under operating expenses in the 2023 statement of comprehensive income. As of December 31, 2023, the Company does not have any other final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic 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
Global-Estate Resorts, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Global-Estate Resorts, Inc. (the Company) for the year ended December 31, 2023, on which we have rendered our report dated February 26, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2022 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 the 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: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

GLOBAL-ESTATE RESORTS, INC.
(A Subsidiary of Megaworld Corporation)
9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023

Unappropriated Retained Earnings at Beginning of Year		P 8,677,629,408
Add: Items that are directly credited to Unappropriated Retained Earnings		
Effect of restatements or prior-period adjustments		16,559,951
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		(124,084,786)
Unappropriated Retained Earnings at Beginning of Year, as adjusted		8,570,104,573
Add: Net Income for the Current Year		1,785,992,526
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity share in net income of subsidiaries	(227,479,694)	
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS:		
Amortization of day-one loss from installment contract receivables	(75,426,528)	
Rental income from straigh-line amortization in excess of rental collections	(36,302,126)	
Sub-total		(339,208,348)
Adjusted Net Income		10,016,888,751
Add: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)		
Recognition of day-one loss on intial measurement of installment contract receivables	300,284,906	
Commission expense based on the provision of PFRS 15 in excess of commission payments	8,819,850	
Sub-total		309,104,756
Less: Other items that should be excluded from the determination of the amount available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		(60,537,689)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P 10,265,455,818**

GERI

Myrbien C. Flores <mcflores@global-estate.ph>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, Apr 12, 2024 at 10:30 AM
To: GENERAL.ACCOUNTING@global-estate.ph
Cc: CRSTARITA@global-estate.ph

Hi GLOBAL-ESTATE RESORTS, INC.,

Valid files

- EAFS000426523OTHTY122023.pdf
- EAFS000426523TCRTY122023-02.pdf
- EAFS000426523AFSTY122023.pdf
- EAFS000426523ITRTY122023.pdf
- EAFS000426523RPTTY122023.pdf
- EAFS000426523TCRTY122023-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-PPXR22TR0BKE69HKLPSXSSZPT0PMMMTM1M**
Submission Date/Time: **Apr 12, 2024 10:30 AM**
Company TIN: **000-426-523**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

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

This is a system-generated e-mail. Please do not reply.

Annex _ : Sustainability Report

Contextual Information

Company Details	
Name of Organization	**Global-Estate Resorts Inc. (GERI)**
Location of Headquarters	9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City, Metro Manila
Location of Operations	GERI operates in the Philippines, with key developments in Las Piñas City, Boracay Island, Batangas, Cavite, Rizal, Laguna, Iloilo, and Pasig City.
Report Boundary: Legal Entities included in this Report	Among the Company's subsidiaries are these joint venture corporations: ● Twin Lakes Corporation (TLC), incorporated on March 2, 2011 to develop Twin Lakes in Laurel, Batangas ● Oceanfront Properties, Inc. (OPI), incorporated on October 12, 2010 to develop parts of Boracay Newcoast ● Southwoods Mall, Inc. (SMI), incorporated on July 18, 2013 to develop the Southwoods Mall and Office Towers in Southwoods City The Company's developments are marketed by Megaworld Global-Estate, Inc. (MGEI), a subsidiary incorporated on March 14, 2011, and by the Company's in-house marketing group. The Company's hotel developments in Boracay and Twin Lakes are operated by the following subsidiaries: ● Twin Lakes Hotel, Inc. (incorporated on September 28, 2018) ● Savoy Hotel Boracay, Inc. (incorporated on January 24, 2017) ● Belmont Hotel Boracay, Inc. (incorporated on March 18, 2019) ● Fil-Estate Urban Development Corporation (incorporated on March 6, 2000)
Business Model, including Primary Activities, Brands, Products, and Services	GERI develops integrated tourism estates and integrated lifestyle communities with residential, retail, hotel and/or leisure components and with nature as an amenity. It has a broad market base comprising end-users and investors, both from the local and foreign markets. The Company targets the A and B markets with special niche products like integrated tourism estates and integrated lifestyle communities with residential, commercial, and leisure components. These include residential communities integrated with golf, resort, leisure and commercial complexes, mixed-use condominium developments, and a business park.

	Its key developments are the following: ● Boracay Newcoast in Malay, Aklan ● Twin Lakes in Laurel, Batangas ● Fairways & Bluewater in Boracay ● Sta. Barbara Heights in Iloilo ● Southwoods City in Laguna and Cavite ● Alabang West in Las Piñas, Metro Manila ● Eastland Heights in Antipolo City, Rizal ● The Hamptons Caliraya in Lumban-Cavinti, Laguna ● Arden Botanical Estate in Trece and Tanza, Cavite ● The Fifth in Pasig City, Metro Manila
Reporting Period	January 1, 2023 - December 31, 2023
Highest Ranking Person Responsible for this Report	Michael R. Roxas (Chief Audit Executive and Chief Risk Officer) / Cyril D. Camarines (Environmental Health & Safety Head)

Materiality Process

GERI conducted a comprehensive reassessment of its material topics, strategically identifying its impacts by benchmarking against prevailing industry trends. This process also involved a thorough review of material topics from the previous reporting period. Impacts identified include positive and negative impacts that could directly affect the economy, environment, or society as a result of the Company's activities. Such positive and negative impacts were further classified as actual or potential impacts.

As a result, GERI has identified the following topics as material:

1. Economic Performance
2. Market Presence
3. Energy
4. Water
5. Waste
6. Biodiversity
7. Employees and Customers
8. Occupational Health and Safety
9. Digitalization
10. Local Communities
11. Training and Education
12. Customer Health and Safety
13. Emissions
14. Materials

While most of the topics listed above have also been identified as material in the previous reporting period, it is worth noting that the topics “Emissions” and “Materials” are newly added topics for the current reporting period. Since the Company has been consistently disclosing information related to these topics in the past reporting periods, “Emissions” and “Materials” were included to reflect a more accurate and comprehensive list of material topics.

All positive impacts were deemed actual impacts as these were likely experienced by the Company, while the negative impacts were considered potential impacts.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	2023	2022	Unit
Direct economic value generated (revenue)	8,338,664,616	7,330,290,215	PhP
Direct economic value distributed:			
a. Operating costs	3,344,521,860	2,581,603,378	PhP
b. Employee wages and benefits	713,866,818	521,887,145	PhP
c. Payments to suppliers, other operating costs	1,331,311,716	1,415,334,174	
d. Dividends given to stockholders and interest payments to loan providers	17,323,448	22,101,652	Php
e. Taxes given to government	821,412,790	702,803,615	PhP
f. Investments in community (e.g. donations, CSR)	0	0	PhP
Economic Value Retained	2,110,227,984	2,086,560,251	PhP

GERI’s Management Approach for Economic Performance

Driven by consumer demand for integrated rural living with digital amenities, GERI's products and services are positioned to fuel continuous economic growth. The Company is dedicated to distributing sustainable revenue to its stakeholders, which is why it carefully assesses its operational and financial performance every year.

GERI has been successful in making progress toward its revenue targets. GERI's townships and programs align with the sustainability objectives set by the Alliance Group Inc. *(AGI),* which encourages a commitment to corporate social responsibility *(CSR)* and environmental stewardship while also achieving revenue targets for 2023.

GERI has also adopted technological advancements that allow the business to become more efficient and successful. In 2023, GERI began Project Nationwide Operational Assessment of Hazards *(NOAH)* to transform and migrate to the new Computerized Accounting System *(CAS),* a system that improves the processing and generation of financial data. With an emphasis on advancing the digital transformation of businesses, NOAH Business Applications offers cloud-ready applications that can operate on top cloud solutions providers, including Microsoft Azure, Amazon Web Services *(AWS)*, and Google cloud services. Controllership, customer service, cost management, risk management, cash flow management, financial controls, financial reporting, analytics, value creation, regulatory compliance, and investor relations have all been enhanced due to digital transformation in terms of business rules, workflow, process flow, and data flow.

Procurement Practices

Disclosure	2023	2022	Unit
Procurement budget used for significant locations of operations that is spent on local suppliers	100	100	%

Proportion of Spending on Local Suppliers

GERI's Management Approach for Procurement Practices

GERI continues its support of local economic development by acquiring goods from local businesses. To ensure that local suppliers and contractors follow ethical sourcing and manufacturing procedures with sustainability and ethical considerations, the procurement process focuses more on contract negotiation and development (bidding). Clear and well-defined contracts are essential to outlining the terms and conditions of the agreement, including pricing, delivery schedules, quality standards, and any other relevant factors. These practices mitigate risks, ensure compliance, and foster transparency in the procurement process. The Company also recognizes the importance of responsible sourcing, environmental impact, and social responsibility. As a result, personnel are tasked with incorporating ethical and sustainable practices into their decision-making processes, aligning with broader CSR objectives.

GERI ensures that local suppliers and contractors follow ethical and regulated procurement methods. Procurement rules and guidelines are reviewed annually and disseminated in conjunction with contract renewals. Through effective communication and collaboration between various departments within the

Company, a comprehensive understanding of procurement needs is established.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	2023	2022	Unit
Directors to whom the organization's anti-corruption policies and procedures have been communicated to	100	-	%
Employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	0	%
Business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	0	%
Directors and management that have received anti-corruption training	0	0	%
Employees that have received anti-corruption training	100*	0	%

**Only employees hired in 2023 received training for anti-corruption, as there are no changes to anti-corruption policies that would necessitate another briefing.*

Incidents of Corruption

Disclosure	2023	2022	Unit
Incidents in which directors were removed or disciplined for corruption	0	0	Count
Incidents in which employees were dismissed or disciplined for corruption	0	0	Count
Incidents when contracts with business partners were terminated due to violations related to corruption	0	0	Count
Public legal cases regarding corruption brought against the organization or its employees during the reporting period	0	-	Count

GERI’s Management Approach for Anti-corruption

GERI aims to ensure that all suppliers/contractors and employees are fully aware of the ethical standards and principles pertaining to anti-fraud, anti-bribery, and anti-corruption, all of which must be upheld in line with its initiatives. This proactive measure helps establish a culture of integrity, transparency, and fair business practices throughout the supply chain and business operations, aligning all stakeholders with GERI's commitment to ethical conduct.

GERI issues a Vendor Code of Conduct *(VCC)* prohibiting both itself and its suppliers/contractors from engaging in any illegal or corrupt activities. The VCC is regularly reviewed and updated to encourage suppliers to consistently uphold honesty and integrity, fostering long-term business partnerships. The use of VCC has been effective in practice as it increases the awareness of suppliers of GERI’s commitment to prevent any form of misconduct.

The Human Resources and Corporate Administration Division *(HRCAD)* is responsible for properly communicating policies to its employees and addressing corruption cases. HRCAD receives assistance from the Legal Division as part of standard procedure to ensure that no steps are overlooked in the review and due process. Furthermore, the board of directors and officers have mandatory training on corporate governance practices and policies on an annual basis.

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	2023	2022	Unit
Energy consumption within the organization	**153,477**	**128,552**	**GJ**
Non-renewable energy	**153,477**	**128,552**	**GJ**
Gasoline	1,252	2,566	GJ
Diesel	14,143	15,329	GJ
Grid Electricity	138,082	110,657	GJ
Renewable energy	Data Unavailable	-	**GJ**

Solar	Data Unavailable	-	GJ

Reduction of Energy Consumption

Disclosure	2023	2022	Unit
Energy reduction within the organization	**2,500**	**0**	**GJ**
Non-renewable energy	**2,500**	**0**	**GJ**
Gasoline	1,314	0	GJ
Diesel	1,186	0	GJ
Grid Electricity	0	0	GJ
Renewable energy	**Data Unavailable**	**0**	**GJ**
Solar	Data Unavailable	0	GJ

GERI's Management Approach for Energy

The Company is committed to implementing energy reduction initiatives and abiding by environmental laws and regulations. It is currently exploring green energy solutions to further contribute to the protection of both the environment and public health.

In an effort to manage its environmental impacts and promote the welfare of people, GERI enforces its Environmental Health and Safety *(EHS)* Policy:

> "Global Estate Resorts Inc. (GERI) is committed to the protection, preservation, and sustainability of the environment; promoting the health, safety, and general welfare of our people in the pursuit of its business to be the leading developer of master-planned, fully integrated tourism estates in the Philippines catering to both domestic and foreign customers.
>
> Consistent with this commitment, the Company shall:
> - Comply with all applicable EHS regulations;
> - Regularly review and improve the Company's EHS procedures with the involvement of management, employees;
> - Promote a culture of EHS responsibility among employees, suppliers, contractors, clients, and the community; and
> - Set targets that continually improve its EHS performance."

GERI also continues to invest in equipment and technology that utilize renewable power sources. One example is the installation of solar-powered street lights, which operate on estate road networks and golf courses. Another example is the investment in electric vehicles (e-vehicles) as a mode of transportation for residents and visitors in estate developments. A new fully electric minibus called THE COMET was launched in Boracay Newcoast Integrated Tourism Estate *(BNITE)* and will serve as the official shuttle service for BNITE residents, guests, and employees. This initiative represents an advancement in reducing the emission of air pollutants and minimizing damage to the environment. With that, the technical core group is currently planning on replicating this initiative in future estate developments.

Furthermore, the Utility Corporate Group *(UCG)* is still in search of an alternative source of energy that can be utilized besides grid electricity alone. GERI has aligned itself with Megaworld's goal to achieve carbon neutrality by 2035; however, there is no progress yet as of 2023. Since the Company expanded operations and completed its building projects in 2023, no significant energy reductions have been achieved. This could be attributed to an increase in demand from customers, tourists, and business activities, consequently increasing energy consumption.

GERI continues to benchmark its activities against those of competitors that operationalize and utilize renewable energy. The Company also attends seminars and training to obtain information on environmentally conscious design trends currently in the market. Moving forward, GERI will study technologies and alternative renewable resources to improve its energy management and environmental objectives. The EHS Group, together with the Regulatory and Compliance Department *(RCD)* Group, works to support the UCG in their compliance with environmental standards and regulations through regular monitoring and site audit inspections for all managed projects and operations.

Quarterly and yearly reports on all achievements and goals are shared with the top management of GERI. During quarterly business reviews, the EHS Group presents progress updates on planned, ongoing, and completed programs. Annual meetings include a review of all of the goals that have been set as well as an assessment of the Company's success or failure based on the results of the programs that have been carried out.

Water Consumption within the Organization

Disclosure	2023	2022	Unit
Water withdrawal	499,206	341,541	m3
Water consumption	125,606	200,485	m3
Water recycled and reused	Data Unavailable	0	m3

Effluents

Disclosure	2023	2022	Unit
Water discharge	373,600	141,056	m3

GERI's Management Approach for Water and Effluents

In order to promote the health of water bodies that the Company and nearby communities rely on, GERI is working on reducing its water consumption while ensuring compliance with environmental laws and regulations related to clean water. It aims to reduce water consumption by 5% by the end of 2024.

In 2023, GERI implemented the Tulip Gardens Project (TGP), a rainwater harvesting facility in TGP Residences and Southwoods City Community. The project consists of the construction of a tank that can harvest up to 35,000 gallons of rainwater for irrigation and maintenance, promoting water conservation and flood mitigation.

For the purpose of managing effluents, GERI-managed properties are connected to a Sewage Treatment Plant *(STP)* that has been specifically designed for high-risk developments, such as high-rise and mid-rise condominiums, businesses, and shopping centers. GERI regularly conducts wastewater effluent testing in compliance with Republic Act *(RA)* 9275, or the Clean Water Act, to ensure that effluents meet the standards set by the Department of Environment and Natural Resources *(DENR)*. Water samples are delivered to a DENR-accredited third-party laboratory, from which findings are then reported to DENR on a quarterly basis.

The Company also abides by the new and updated laws and regulations pertaining to wastewater effluent parameters for STPs. GERI has a comprehensive action plan in place for the improvement and rehabilitation of STPs, which includes regular monitoring practices to prevent any major financial constraints. Seeking new technology to upgrade the STPs is also part of the Company's commitment to adhere to wastewater treatment industry standards.

Materials Used by the Organization

Disclosure	2023	2022	Unit
Materials used	**151,265**	**10,074**	**MT**
Renewable	1	23	MT
Non-renewable	151,264	10,051	MT
Recycled input materials used to manufacture the organization's primary products and services	N/A	-	%

GERI's Management Approach for Materials

The procurement of goods and materials may lead to an increase in landfill-bound waste, as GERI acknowledges the limited utilization of recyclable and reusable materials for its activities. The Company is currently exploring recycling initiatives aimed at repurposing materials and excess scrap into valuable resources.

To manage materials that are disposable, these are segregated at the source, and awareness campaigns are carried out regularly. The EHS Group provides infographics or flash reports containing information on waste management and the best practices aligned with EHS Standards. These are disseminated to all employees through email, making them more informed on what to do when it comes to waste disposal.

GERI implements proper handling and storage of materials for all products that are purchased. Any generated waste is directed to a sanitary landfill with the coordination of a third-party contractor accredited by the DENR or local government unit *(LGU).* Site inspections are conducted and audited regularly to determine any non-conformances within projects.

Ecosystems and Biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	2023	2022	UNITS
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A - Projects are not under the NIPAS ACT		-
Habitats protected or restored	N/A - Projects are not under the NIPAS ACT		-
IUCN* Red List species and national conservation list species with habitats in areas affected by operations	N/A - No species identified under IUCN Red List		-

**International Union for Conservation of Nature*

GERI's Management Approach for Biodiversity

Nature and biodiversity are prominently featured in many GERI developments. The Company assumes the responsibility of serving as a diligent steward of the natural surroundings adjacent to its properties. To fulfill this duty, GERI actively promotes and implements programs and controls aimed at conserving and preserving the environment to mitigate any adverse effects resulting from land development. It also conducts an Environmental Impact Assessment *(EIA)* which determines all the physical and biological impacts of the project along with the required mitigation and control strategies before the Company can develop any new project. This assessment is carefully reviewed to ascertain whether changes are required before being submitted to the DENR for final approval.

In order to sustain its positive impact, GERI strives to enhance its current programs and controls. The Company closely adheres to the National Integrated Protected Areas System *(NIPAS)* Act of 1992 and gives a high value to nature and biodiversity. Flagship developments in Boracay, Iloilo, Caliraya, and Tagaytay were identified as having less detrimental impacts on the flora and fauna. These impacts were identified through environmental impact studies and addressed with proper controls and recommendations for the protection and preservation of the environment. GERI's programs include a quarterly coastal clean-up in Boracay and a tree planting activity in Caliraya. These initiatives have not only strengthened community relations but also contributed to environmental preservation and led the Company to become more environmentally-conscious and community-focused.

Any threat to biodiversity within the region must be reported and addressed immediately. GERI conducts scheduled audits and special inspections of project areas to ensure compliance with EHS standards, including water, air, solid waste, and hazardous waste management standards. The Company determines the effectiveness of its actions through audit reports and the results of inspections.

Environmental Impact Management

Air Emissions

GHG

Disclosure	2023	2022	Unit
Scope 1 GHG emissions	1,139	1,099	tonnes CO2e
Scope 2 GHG emissions	27,317	21,892	tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Data Unavailable	Data Unavailable	tonnes

Air Pollutants

Disclosure	2023	2022	Unit
NOx	126	235	mg/Nm3
Carbon monoxide	103	0.3	mg/Nm3

Note: Data consists of air pollutants emitted by generator sets in Twin Lakes Shopping Village

GERI's Management Approach for Emissions

Toxic contaminants may leak into the environment as a result of poor emission control. To ensure that all stationary sources, vehicles, and equipment run efficiently and comply with regulations, GERI conducts emission testing and preventive maintenance of equipment such as stand-by generator sets and vehicles. This includes the frequent changing of engine oil and filters.

The Company complies with all regulatory concerns according to RA 8749, or the Clean Air Act, as well as other standards to help protect the environment. This is achieved by strictly monitoring all air pollution source installations *(APSI)* including boilers. Given the increase in energy consumption due to an increase in business activity, no significant reduction in emissions was reported in 2023.

The EHS Group conducts visits to project sites twice a year to ensure that each project site abides by the standards set by regulatory bodies. Management receives annual and quarterly progress reports, and yearly reviews are carried out to assess the overall performance of initiatives. GERI continues to keep abreast of trends and developments in emissions reduction measures.

Waste Generated

Disclosure	2023	2022	Unit
Waste generated	**11,028**	**960**	**MT**
Non-hazardous waste	11,024	958	MT
Hazardous waste	4	2	MT

**All non-hazardous waste is directed to landfills. Data for the recycling and reuse of non-hazardous and hazardous wastes are unavailable. In 2023, there was no disposal of hazardous waste, as this was stored in the hazardous waste storage room instead.*

GERI's Management Approach for Waste

Without proper waste management strategies in place, there is a risk of waste accumulation within GERI's operations, which can result in land and water pollution.

GERI's solid waste management plan complies with RA 9003, or the Ecological Solid Waste Management Act. This plan also adheres to the regulations set by the municipality on waste segregation, garbage disposal, and the establishment of a materials recovery facility *(MRF*). Waste generated in 2023 consists mainly of residual, recyclable, and biodegradable waste. Additionally, no hazardous waste was disposed of for the reporting year.

GERI is accountable for the waste that is generated by its activities, therefore, service providers are carefully selected and disposal requirements are specified to minimize its impacts. For treated wastewater, this is recycled and reused in operations for cleaning and gardening activities. For construction and operation waste from project sites, these are collected by an accredited hauler and transported to recycling facilities and landfills.

GERI continues to adhere to strict waste management practices, establish proper storage facilities, and conduct Information, Education, and Communication *(IEC)* campaigns. In 2023, GERI implemented the following IEC campaigns for waste management:

- Reduce, Reuse, Recycle
- Promotion of using reusable items (i.e. tumblers, reusable utensils) during onboarding
- Process and procedures for digitalization to reduce paper usage

Due to an uptick in activities, solid waste generation increased in 2023. With that, GERI plans to explore recycling initiatives aimed at repurposing waste and excess scrap into valuable resources. The Company is also working on ensuring that all waste materials are responsibly transported and disposed of at the approved waste management facilities.

The EHS Group releases audit reports semi-annually, which consolidate all identified non-conformance observed during site inspection by systematically documenting areas where waste is being generated unnecessarily and transported inefficiently. This enables the Company to take corrective actions to reduce waste generation, improve processes, and enhance overall environmental sustainability.

Environmental Compliance

GERI's Management Approach for Environmental Compliance

GERI ensures that it complies with environmental laws and regulations in the interest and protection of the environment. A monitoring system is in place to identify potential areas of non-compliance and opportunities for improvement. Data for environmental compliance is restricted due to confidentiality constraints and legal matters.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	2023	2022	Unit
Employees	1,007	845	Count
a. Female employees	600	501	Count
b. Male employees	407	344	Count
Attrition rate	22	-	%
Ratio of lowest paid employee against minimum wage	N/A	N/A	ratio

Employee Benefits

Benefits	Female employees who availed in 2023	Male employees who availed in 2023	Unit
SSS	58	42	%
PhilHealth	58	42	%
Pag-ibig	58	42	%
Parental leaves	77	23	%

Vacation leaves	60	40	%
Sick leaves	60	40	%
Medical benefits (aside from PhilHealth)	60	40	%
Housing assistance (aside from Pag-Ibig)	0	0	%
Retirement fund (aside from SSS)	0	100	%
Further education support	N/A	N/A	%
Company stock options	N/A	N/A	%
Telecommuting	N/A	N/A	%
Flexible-working Hours	N/A	N/A	%
Life Insurance	61	39	%
Disability and invalidity coverage	N/A	N/A	%

GERI's Management Approach for Employment

GERI is not only committed to providing the required manpower for all departments but to take good care of the well-being of all employees as well. The success of GERI also depends on its employees. By acknowledging the significance of supporting their personal aspirations, the Company empowers its workforce, fostering an environment where individual growth aligns harmoniously with organizational objectives.

Support services, workplace amenities, and employee engagement initiatives are among the incentives that employees receive from the Company. To promote health and wellness, GERI implements GFit or wellness programs consisting of yoga and Zumba classes, workplace ergonomics, and other forms of exercise. Employees also receive medical benefits, housing assistance, and retirement funds aside from government-mandated benefits. Regular performance reviews are provided to employees to help improve individual performance and support organizational growth. Departmental team-building activities are in GERI's pipeline for 2024 to foster better employee relations.

Furthermore, The Company regularly submits reports to the Department of Labor and Employment *(DOLE)* to ensure compliance with mandated labor standards. The success of GERI is reliant on the success and satisfaction of its employees. By prioritizing the well-being and professional development of its workforce, GERI creates a positive and productive environment that directly contributes to achieving its broader business goals.

Employee Training and Development

Disclosure	2023	2022	Unit
Training hours provided to employees	3,448	1,698	hours
	10	2	hours/employee
a. Female employees	1,708	849	hours
	9	2	hours/employee
b. Male employees	1,740	849	hours
	12	2	hours/employee

GERI's Management Approach for Training and Development

GERI continuously determines learning priorities and provides training opportunities to improve the competitiveness and productivity of employees. The Company is committed to cultivating a culture of competence and excellence through learning pathways and sessions and culture-building initiatives that will build a high performing and highly engaged organization. Investing in the professional growth of employees can in turn positively impact retention rates.

Training programs were designed to encourage leaders to step out of their comfort zone, allowing them to adjust their leadership styles over time in order to achieve greater heights. This also aims to prepare the next generation of leaders for their future roles and responsibilities, increase employee morale and retention, improve productivity, promote better decision-making, and build better teams.

In 2023, GERI offered programs specifically designed for individual contributors who aspire to become leaders, equipping them with the mindset and skills to lead their teams effectively. These programs include:

- 2023 Leadership Conference
- 2023 Leadership Next: Managers' Forum
- The Critical Switch Workshop
- Leaders are Us Workshop
- Leaders League Workshop

GERI provided training on customer service, operations, quality assurance, occupational health and safety *(OHS)*, and pollution control as well. In the case of the introduction of new processes, employees may request for training on a particular set of skills to empower them and further keep abreast of ever-changing trends in project development and business operations.

The Company carries out training evaluations and gathers feedback from the participants to determine the effectiveness of the training programs. It also conducts fieldwork to assess the effective application of knowledge gained through the training program, as well as a training needs analysis to fill the competency gap of employees.

Labor-Management Relations

Disclosure	2023	2022	Unit
Employees covered with Collective Bargaining Agreements	*GERI currently has no union group.*		%
Consultations conducted with employees concerning employee-related policies			Count

GERI's Management Approach for Labor-Management Relations

Maintaining good labor-management relations is key to preventing labor disputes and motivating employees to further the objectives of GERI. The Company pledges to uphold and defend every employee's right to freedom of association, collective bargaining, and participation in worker representation. GERI complies with all labor and employment laws, including commitment policies, to foster positive working relations. Employees are oriented during their New Hire Orientation about due process and their freedom to air their concerns or grievances with the Human Resources *(HR)* Department through various channels of communication. For labor conditions, consultations are held on a case-to-case basis. All concerns are then closely monitored by the HR Department together with the Legal Department.

Diversity and Equal Opportunity

Disclosure	2023	2022	Unit
Female workers in the workforce	60	59	%
Male workers in the workforce	40	41	%
Employees from indigenous communities and/or vulnerable sector*	0	0	Count

**The number of employees from indigenous communities and/or vulnerable sectors is currently not monitored.*

GERI's Management Approach for Diversity and Equal Opportunity

GERI is committed to preventing discrimination in the workplace and providing all employees with equal opportunities. It complies with existing Company policies on Diversity and Equality, allowing for a more diverse workforce and promoting social harmony in the workplace. Specific programs for diversity and inclusion are still in the planning stages with the Training and Organization Department.

The Company is also dedicated to fostering an atmosphere at work where everyone is treated with respect and dignity. Every person has the right to work in a setting that fosters equal employment opportunities and outlaws illegal discrimination, including harassment. With that, all interactions within the workplace are professional and free from explicit bias, prejudice, and harassment. In 2023, there were no reported cases of discrimination within the workplace. Any act of discrimination will not be tolerated and will be subject to a thorough investigation.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2023	2022	Unit
Safe Man-Hours	13,599,234	11,644,182	Man-hours
Work-related injuries	0	0	Count
Work-related fatalities	0	0	Count
Work-related ill-health	0	0	Count
Safety drills	8	1	Count

Note: Workers from third-party contractors and service providers are monitored by their respective employers

GERI's Management Approach for Occupational Health and Safety

GERI implements various systems and procedures to ensure the safety of its employees. The EHS Group bears the responsibility of identifying potential safety risks and hazards in the workplace and recommending effective control measures. The Company is also compliant with its EHS Policy and Procedure, as well as with all OHS reportorial requirements. DOLE-accredited Safety Practitioners are employed to provide technical advice and leadership in promoting a safe work culture within the Company. As GERI has multiple sites with multiple contractors and subcontractors, the EHS Group plans to engage with the proponent of the contractor safety group committee for the proper cascading of OHS policies and programs to all sites.

The OHS management system of GERI adheres to RA 11508 and incorporates best practices outlined in ISO 45001 (Occupational Health and Safety) and ISO 14001 (Environmental Management). In 2023, it adopted ISO 31000 (Risk Management), which allowed the Company to identify instances of risk exposure in the workplace. The OHS management system also covers all employees, offices, and project sites.

Work-related hazards are identified by persons who have undergone extensive training and certifications on OHS standards. This training includes 8 hours of mandatory OHS Training, Safety Program Audit Training, Crisis Management, and Fire Protection & Fire Safety Awareness. Once identified, work-related hazards are reported to the Immediate Superior, Company Nurse, HR Department, and EHS Group. Company internal memos, EHS technical report recommendations, and safety training and information are disseminated to inform workers on how to remove themselves from work situations that could cause injury or ill-health. The EHS Group conducts regular internal audits of all project sites, in which identified non-compliances and hazards will be reflected. Findings from the audit report will entail immediate corrective action.

Workers have access to clinics for consultation, free medicine, and first aid treatments, which are carried out by the Company Nurse and Physician. GERI ensures that clinics undergo regular inspection, sanitation, and replenishment of medicines and medical tools. The personal health-related information of workers is also protected and kept confidential in compliance with the Data Privacy Act. GERI also encourages workers to reduce health risks through initiatives and services such as GFit, Zumba Classes, Passport To Wellness Program, Blood Donation Program, Annual Physical Examination, Anti-Flu Vaccination, and Eat Well Be Well Program.

The Company encourages representatives from each department to participate in discussions during forums, meetings, and consultations regarding the development and implementation of an OHS management system. OHS-related programs are approved by the OHS Committee and evaluated by the representatives of each department for their effectiveness.

GERI has been honored with the prestigious Award of Excellence for achieving an outstanding milestone of 12,701,106 Safe Man-Hours without Lost Time Injury (as of July 2023) over a span of 8 years. This achievement highlights GERI's unwavering commitment to safety across all operations, promoting the well-being of its entire workforce. Attaining the award was made possible through a variety of OHS training and through the dedication of the Company to instilling a culture of safety in the workplace. The recognition was granted by the Safety Organization of the Philippines Incorporated *(SOPI)* on October 12, 2023, during the 55th National Industrial Safety & 1st Industrial Hygiene Conference at Novotel Manila, Araneta City, Quezon City.

Labor Laws and Human Rights

Disclosure	2023	2022	Unit
Legal actions or employee grievances involving forced or child labor	0	0	Count

Note: GERI does not employ minors as it follows labor standards.

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g., harassment or bullying) in the workplace?

Topic	Y/N	If Yes, cite the reference in the company policy
Forced labor	N	*GERI complies with local labor standards and regulations.*
Child labor	N	
Human Rights	N	

GERI's Management Approach for Labor Laws and Human Rights

GERI works to create a favorable working environment that is characterized by equality and respect for one another. At the workplace, GERI does not hire anyone under the age of eighteen. The Company prohibits the use of forced or coerced labor, as well as child labor, in all of its units. Every employee has the right to accept employment in a free and voluntary manner, without fear of punishment. This applies to all employees, including interns, consultants, and anyone else working for the Company. GERI understands that the success of the business depends on the growth and welfare of its employees. No operations were identified as at risk for incidents of child labor or forced labor.

Supply Chain Management

The Company's supplier accreditation policy is covered by its VCC, which can be found through this link: https://geri.com.ph/investor-relations/corporate-governance/code-of-business-conduct-and-ethics/

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	Vendor/Supplier Contract Agreement, VCC

GERI's Management Approach for Supply Chain Management

GERI acknowledges that failure to properly screen suppliers can hinder the Company from achieving its sustainability goals.

GERI currently utilizes a Vendor Performance Satisfactory Rating for suppliers and plans to improve this by including environmental criteria for further assessment of the products and services. The Company aims to conduct frequent audits and reviews of facilities and vendor code procedure and policy to evaluate whether suppliers adhere to common sustainable practices in the industry. For social assessment, the team requests certification and permits from suppliers in line with the accreditation purposes of the VCC in the Purchasing System. This enables GERI to assess whether suppliers comply with Social Responsibility Laws under DOLE. This includes site inspections, interviews, and screening of financial documents.

Overall, GERI constantly coordinates with suppliers to ensure timely production and delivery. The Company also attends to supplier-related concerns as soon as possible.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
No negative impacts identified	-	-	-	-	-

Certificates	2023	Unit
FPIC process is still undergoing	N/A	Count
CP secured	N/A	Count

GERI's Management Approach for Local Communities

GERI aims to effectively address neglect and contribute to enhancing the quality of life in local communities by emphasizing community engagement, sustainable development practices, fair employment opportunities, infrastructure investments, social investment programs, transparency, and long-term commitment.

The Company actively fosters positive relationships with local communities by understanding their needs and implementing community development initiatives. In line with the Sus10nability Goals, a banner sustainability initiative launched in 2023, the Special Projects Team together with the HR Department conceptualizes and facilitates CSR activities that can aid local communities with the participation of GERI's employees.

The Company also continuously engages with local government units *(LGUs)* as an avenue for local residents to express concerns regarding project development which GERI works to address. This results in the improvement of project outcomes, support for approvals, and long-term sustainability. This approach is integral to enhancing community relations and earning a social license to operate, while also mitigating risks and contributing to the overall quality of life in the area of operation.

Customer Management

Customer Satisfaction

Disclosure	2023	2022	Unit
Customer satisfaction score	-	38	%

Health and Safety

Disclosure	2023	2022	Unit
Substantiated complaints on product or service health and safety	No data recorded	1,986	Count
Complaints addressed	No data recorded	1,241	Count

GERI's Management Approach for Customer Management

GERI's commitment to facility upgrades and customer safety and satisfaction fosters trust, property value, market distinction, and long-term relationships, ensuring success and sustainability. GERI incorporates environmental impact assessments and safety risk evaluations into its project management and property operations processes, ensuring the well-being of clients and customers.

To improve customer experience, the Company has adopted digitalization by conducting paperless transactions and virtual turnovers, as well as maximizing digital platforms such as cloud migration and a client management portal. GERI regularly tracks and analyzes its key performance indicators *(KPIs)* to identify trends, patterns, and potential issues—facilitating proactive management and timely intervention.

Marketing and Labeling

Disclosure	2023	2022	Unit
Substantiated complaints on marketing and labeling	7	N/A	Count
Complaints addressed	7	N/A	Count

GERI's Management Approach for Marketing and Labeling

GERI uses strategic marketing communication techniques to inform its clients about the significant effects of real estate decisions. Call-to-action statements are placed in creative materials to create engagement and communicate to customers the potential positive impacts of investing in GERI.

The content of the marketing materials is based on a factsheet from the Project Development Group, ensuring compliance with the rules and regulations of the Department of Human Settlements and Urban Development *(DHSUD).* Disclaimers are also placed in appropriate sections of documents through fine prints. Additionally, marketing campaigns and promotional materials have been digitalized through e-invites and e-brochures, while physical events have been converted to online open houses and virtual client presentations.

GERI leverages Facebook Meta's online engagement analytics to measure the impact of its online campaigns. This data, alongside monthly sales reports, helps track KPIs based on actual closed sales figures.

Customer Privacy

Disclosure	2023	2022	Unit
Substantiated complaints on customer privacy	0	0	Count
Complaints addressed	0	0	Count
Customers, users and account holders whose information is used for secondary purposes	0	0	Count

Data Security

Disclosure	2023	2022	Unit
Data breaches, including leaks, thefts and losses of data	0	0	Count

GERI's Management Approach for Customer Privacy and Data Security

GERI is committed to safeguarding customer data in compliance with the Data Privacy Act. This serves as a form of reassurance to individuals that the Company is taking the necessary measures to protect their personal information, following established legal requirements. Protecting the privacy of customers also shows that the Company values the trust formed between GERI and its customers. In 2023, there were no reported customer privacy-related issues or data breaches.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key Products and Services	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Integrated Tourism Estates and Integrated Lifestyle Communities	SDG 11 – GERI implements the architectural design of buildings and estate and develops community gardens	GERI's operations in tourism estates, lifestyle communities, and hotel and commercial services	GERI aims to continue implementing a "ZERO Waste Program" to reduce the generation of waste,

	and green spaces. This enhances the aesthetics but also encourages a healthier lifestyle and community engagement. Included in the design are walking and cycling pathways to promote physical activity and reduce reliance on vehicular transportation which contributes to public health and sustainability.	can potentially result in environmental damage and degradation through increased energy use, emissions, water consumption, and waste generation.	especially residual wastes. It is also looking into the use of sustainable construction materials and efficient waste management systems. GERI also integrates energy-efficient technologies in its buildings, particularly the use of solar panels. The Company is exploring investments in carbon offsetting initiatives as well as resilient design practices. It also continues to forge partnerships that can push the Company further into meeting its goals.
Hotel and Commercial Services	SDG 7 aims to ensure access to affordable, reliable, sustainable, and modern energy for all. For GERI, this goal manifests through sustainable construction practices and the integration of energy-efficient technologies in buildings. Investments in renewable energy sources, such as solar panels not only reduce carbon emissions but also lower operational costs for property owners and occupants. SDG 11 seeks to make cities and human settlements inclusive, safe, resilient, and sustainable. GERI's urban planners can significantly contribute to this goal by designing eco-friendly and compact cities that prioritize public transport, green spaces, and people wellness. Sustainable urban development not only enhances the quality of life for residents but also mitigates the environmental impact of rapid urbanization. Responsible consumption and production, as outlined in SDG 12, involve reducing		

	waste generation and promoting sustainable practices throughout the production and consumption cycle. For GERI, this translates to the use of sustainable construction materials, efficient waste management systems, and the possible adaptation of circular economy principles. By focusing on longevity and recyclability, the Company can significantly reduce its ecological footprint. Addressing climate change is a shared global responsibility, emphasized in SDG 13. GERI's contribution to this goal includes the master-planned eco-tourism estates with low carbon footprints, the implementation of energy-efficient cooling & lighting systems, and the adoption of resilient design practices. Additionally, GERI can invest in carbon offsetting initiatives to neutralize its emissions and support renewable energy projects. SDG 17 highlights the importance of forging partnerships to achieve the SDGs. GERI can actively engage in partnerships with governments, non-governmental units and the private sector to leverage resources and expertise for sustainable development.		