

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[☒] Preliminary Information Statement
[☐] Definitive Information Statement
2. Name of Registrant as specified in its charter: **GLOBAL-ESTATE RESORTS, INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number: **AS094-004462**
5. BIR Tax Identification Code: **000-426-523-000**
6. **9/F Eastwood Global Plaza, Palm Tree Avenue**
Eastwood City, Bagumbayan, Quezon City **1110**
Address of principal office Postal Code
7. Registrant's telephone number, including area code: **(632) 5318-4374**
8. Date, time and place of the meeting of security holders

Date : **27 June 2024**
Time : **9:00 a.m.**
Place : **by live stream access via <https://geri.com.ph/asm2024/>**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **05 June 2024**
10. *[No Proxy Solicitations]*
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	10,986,000,000¹
12. Are any or all of registrant's securities listed on a Stock Exchange?
Yes ☒ No ☐

The Registrant's common shares are listed on the Philippine Stock Exchange.

¹ As of April 30, 2024



NOTICE AND AGENDA OF THE ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2023 Annual Meeting of Stockholders (the "Annual Meeting") of **GLOBAL-ESTATE RESORTS, INC.** (the "Company") will be held on **03 July 2023 at 9:00 a.m.** to be conducted virtually, through the link <https://geri.com.ph/asm2023/> that can be accessed through the Company's website, with the following agenda:

- I. Call to Order
- II. Certification of Notice and Quorum
- III. Approval of the Minutes of the previous Annual Stockholders' Meeting
- IV. Annual Report of Management
- V. Appointment of External Auditor
- VI. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers adopted during the preceding year
- VII. Election of Directors
- VIII. Other matters
- IX. Adjournment

Stockholders of record as of **02 June 2023** will be entitled to notice of, and to vote at, the Annual Meeting.

Pursuant to Article V, Section 2 of the Company's Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code and to conform with the government's regulation on social distancing and prohibition on mass gatherings, the Company decided to hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or in absentia, or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 AM of **16 June 2023** until 5:00 PM of **26 June 2023**. The procedure for participation via remote communication and in absentia is contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 pm of **26 June 2023** to the Office of the Corporate Secretary at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City or by e-mail at corpsecretary@global-estate.ph. Validation of proxies shall be held on **28 June 2023**. A sample proxy form will be enclosed in the Information Statement for your convenience.

The Information Statement and other pertinent documents and information on the Annual Meeting are available through the Company's website. For any clarifications, please contact the Office of the Corporate Secretary via email at corpsecretary@global-estate.ph.

Taguig City, Metro Manila, Philippines, 08 May 2023.


MARIA CARLA T. UYKIM
Corporate Secretary

Appendix 1
EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

I. Call to Order

The Annual Meeting will be formally opened at approximately 9:00 o'clock in the morning.

II. Certification of Notice of Quorum (and Rules of Conduct and Procedures)

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, and published in the business section of two newspapers of general circulation in print and online format, and that a quorum exists for a valid transaction of business. The holders of record of the majority of the outstanding capital stock of the Company, who are present by proxy, remote communication or voting in absentia, shall constitute a quorum.

Please refer to **Appendix "2"** on the Procedures and Requirements for Voting and Participation in the Annual Meeting (the "**Procedure**") for complete information on remote participation or voting in absentia, as well as on how to join the live stream for the Annual Meeting. The Corporate Secretary will also explain the Procedure during the meeting.

III. Approval of the Minutes of the previous Annual Stockholders' Meeting

Stockholders will be asked to approve the Minutes of the Stockholders' Meeting held on 03 July 2023, a copy of which is available at the Company's website, <https://geri.com.ph>.

IV. Annual Report of Management

The President of the Company will report on the performance of the Company in 2023.

V. Appointment of External Auditor

The appointment of the external auditor, as evaluated and recommended by the Audit Committee, for the ensuing year will be endorsed to the stockholders for approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

VI. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers

The actions of the Board and its committees were those taken since the annual stockholders' meeting on 03 July 2023 until 27 June 2024. These include activities undertaken in the usual course of business of the Company such as but not limited to transactions with various banks relating to treasury operations, with utility companies; those relating to real estate properties such as transfer and lease; and matters subject of disclosure to the Securities and Exchange Commission and The Philippine Stock Exchange, Inc.

VII. Election of Directors

Nominees for election of nine (9) members of the Board of Directors, including two (2) independent directors, will be presented for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

VIII. Other matters

Other concerns or matters raised by stockholders will be discussed.

IX. Adjournment

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

Appendix “2”

GLOBAL-ESTATE RESORTS, INC.

REQUIREMENTS AND PROCEDURE FOR VOTING AND PARTICIPATION IN THE 2024 ANNUAL STOCKHOLDERS’ MEETING

Only stockholders of record as of **27 May 2024** are entitled to participate and vote in the 2024 Annual Stockholders Meeting (the “ASM”) of Global-Estate Resorts, Inc. (the “Company”) that will be held virtually on **27 June 2024 at 9:00 a.m.**

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2024 ASM.

I. ONLINE REGISTRATION

A. Stockholders may register from until 5:00 PM of **18 June 2024** to signify his/her/its intention to participate in the 2024 ASM by remote communication.

B. To register, all stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at corpsecretary@global-estate.ph

- a. Scanned copy of stock certificate issued in the name of the stockholder/s (if applicable);
- b. Valid email address and active contact number;
- c. Scanned copy of valid government-issued identification card;
- d. Recent photo of stockholder.

Other requirements are as follows:

For Stockholders with Joint Accounts –

- a. Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;

For Stockholders under PCD Participant/Brokers Account or holding ‘Scripless Shares’-

- a. Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
- b. Broker’s Certification on the stockholder’s number of shareholdings;

For Corporate Stockholders –

- a. Secretary’s Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;

C. The documents submitted will be subject to verification and validation by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder’s receipt of an email from the Company acknowledging receipt of the stockholder’s registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder’s access to the 2024 ASM link.

D. Only the stockholders who have registered as described-above and have been validated to be stockholders of record of the Company will be considered in determining the quorum.

II. VOTING

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2024 ASM through remote communication or in absentia by way of submission of duly accomplished ballot/proxy via email at corpsecretary@global-estate.ph. Sample ballot/proxy is included in the Definitive Information Statement that is made available to the stockholders through the Company's website and in the PSE Edge portal.

B. For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.

C. For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she/ it owns.

D. Registered stockholders shall have until 5:00 p.m. of **18 June 2024** to cast their votes. Beyond this period, voting shall no longer be allowed. Stockholders will not be allowed to cast votes during the 2024 ASM.

E. The Office of the Corporate Secretary, together with the designated tellers and election inspectors appointed for the 2024 ASM, shall validate, count and tabulate all valid and confirmed votes that were submitted by the registered stockholders.

F. Voting results shall be announced by the Corporate Secretary during the 2024 ASM.

III. Other Matters

A. For any questions and comments to the Board of Directors and Management, stockholders may send them in advance or during the meeting via email at corpsecretary@global-estate.ph. The Company will exert best efforts to address them during the meeting.

B. The proceedings of the 2024 ASM will be recorded.

C. Personal information sent to the Company in connection with the 2024 ASM will be collected, stored, processed and used solely for the purposes of the 2024 ASM and in accordance with the Philippines Data Privacy Act of 2012 and relevant rules and regulations.

D. For any questions and concerns, stockholders may visit GERI's website at www.geri.com.ph or contact the Office of the Corporate Secretary via e-mail at corpsecretary@global-estate.ph.

BALLOT/ PROXY
GLOBAL-ESTATE RESORTS, INC.
Annual Stockholders' Meeting
27 June 2024 at 9:00 in the morning

Please mark as applicable:

☐ Vote by Ballot: The undersigned stockholder of the Company casts his/her/its vote on the Agenda items for the 2024 GERI ASM

☐ Vote by Proxy: The undersigned stockholder(s) of the Company hereby appoint/s _____ or in his absence, the Chairman of the Meeting, as proxy of the undersigned stockholder(s) at the Meeting and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof. The undersigned stockholder(s) hereby votes, or direct/s the said proxy to vote, all shares on the agenda items set forth below as expressly indicated with "X" below:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the Minutes of the Annual Stockholders' Meeting held on 03 July 2023			
5	Appointment of Punongbayan & Araullo as External Auditor			
6	Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers adopted during the preceding year			
7	Election of Directors (including Independent Directors) for the ensuing year:			
	Andrew L. Tan			
	Lourdes T. Gutierrez-Alfonso			
	Monica T. Salomon			
	Kevin Andrew L. Tan			
	Wilbur L. Chan			
	Ferdinand T. Santos			
	Giancarlo C. Ng			
	Jesus B. Varela - Independent Director			
	Cresencio P. Aquino - Independent Director			

PRINTED NAME OF
SHAREHOLDER

SIGNATURE OF SHAREHOLDER/
AUTHORIZED SIGNATORY

NUMBER OF SHARES
TO BE REPRESENTED

DATE

This ballot/ proxy should be submitted no later than 5:00 p.m. of **18 June 2024** to the Office of the Corporate Secretary at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City or by email to corpsecretary@global-estate.ph. This ballot/proxy must be accompanied by a validly government-issued ID with a photo (for individuals) and corporate secretary's certification setting out the signatory's authority to sign this ballot/proxy for, or on behalf of, the corporation/partnership (for corporations/partnerships). This ballot/proxy , which need not be notarized, will be validated at 5:00 p.m. on 20 June 2024.

The proxy when properly executed will be voted in the manner as directed herein by the stockholder. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. By providing personal information in connection with the ballot/proxy, the stockholders are considered to have agreed to the collection, processing and storage of the same solely for the purposes of the meeting and in accordance with the Philippines Data Privacy Act of 2012 and relevant rules and regulations.

PART I

A. GENERAL INFORMATION

ITEM 1. Date, time and place of meeting of security holders

Date: 27 June 2024
Time: 9:00 a.m.
Place: To be conducted virtually access via <https://geri.com.ph/asm2024/>
Principal Office: 9/F Eastwood Global Plaza, Palm Tree Avenue
Eastwood City, Bagumbayan, Quezon City, 1110

- (b) The approximate date on which the Information Statement will be made accessible to the security holders in the Company's website is on or before **05 June 2024**.

The Company is not soliciting any proxy . We are not asking you for a proxy and you are not being requested to send us a proxy.

ITEM 2. Dissenters' Right of Appraisal

There are no matters to be acted upon or proposed corporate action in the agenda for the annual meeting of stockholders that may give rise to possible exercise by a dissenting stockholder of its appraisal rights under Title X of the Revised Corporation Code of the Philippines (the "**RCC**").

A stockholder has the right to dissent and demand payment of the fair value of his shares in the following instances stated in the RCC, to wit:

- (1) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (*Section 80*);
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (*Section 80*);
- (3) In case of merger or consolidation of the Company with or into another entity (*Section 80*); and,
- (4) In case of any investment of corporate funds for any purpose other than the primary purpose of the Corporation (*Section 80*).

The procedures and conditions for the exercise by a dissenting stockholder of his appraisal right shall be in accordance with Section 81 of the RCC, to wit:

- (1) A stockholder voted against a proposed action of the Company;

- (2) The dissenting stockholder shall make a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. The failure of the stockholder to make the demand within the thirty (30)-day period shall be deemed a waiver of his appraisal right;
- (3) If the proposed corporate action is implemented, the Company shall pay to such shareholder, upon surrender of the corresponding certificates of stock representing his shares within ten (10) days after demanding payment for his shares (*See Section 86*), the fair market value thereof as of the day prior to the date on which the vote was taken;
- (4) If the dissenting stockholder and the Company cannot agree on the fair value of the shares within sixty (60) days from the date of shareholders' approval of the corporate action, then the fair value of the shares shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the dissenting shareholder, one (1) by the Company and a third to be named by the two already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award.
- (5) No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.
- (6) Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the Company.

ITEM 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director, officer, or nominee for election as director, or the associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter which will be acted upon during the Annual Meeting, other than election to office.
- (b) No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Annual Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

- (a) *Number of Shares Outstanding*

The Company has 10,986,000,000 common shares outstanding as of 30 April 2024. Each of the common shares is entitled to one (1) vote with respect to all matters to be taken up during the Annual Meeting.

- (b) *Record Date*

The Board of Directors (the "**Board**") of the Company set **27 May 2024** as the record date for determining the stockholders entitled to notice and to vote at the Annual Meeting. As such, only stockholders as of such record date are entitled to notice and to vote at the Annual Meeting.

- (c) *Manner of Voting*

Pursuant to Sections 23 and 57 of the RCC and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, stockholders may now participate in the Annual

Meeting by remote communication and cast their votes in absentia. A stockholder may cast his/her votes by remote communication or in absentia until 5:00 pm of **18 June 2024**.

A stockholder voting remotely or in absentia shall be deemed present for purposes of quorum. Please refer to **Appendix “2”** on the Procedures and Requirements for Voting and Participation in the Annual Meeting for complete information on voting via remote participation or voting in absentia, as well as on how to join the live stream for the Annual Meeting.

(d) *Cumulative Voting Rights*

Each holder of common stock shall have cumulative voting rights with respect to the election of the members of the Board of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

(e) *Security Ownership of Certain Record and Beneficial Owners and Management*

(i) *Security ownership of certain record and beneficial owners*

Security ownership of certain record and beneficial owners owning more than five percent (5%) of any class of the Company’s voting securities as of 30 April 2024:

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICAL OWNERS

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent (Based on total shares)
Common Shares	Megaworld Corporation 30 th Floor, Alliance Global Tower, 36 th Street cor. 11 th Avenue, Uptown Bonifacio, Taguig City 1634	Megaworld Corporation ²	Filipino	9,035,638,139	82.24%
Common shares	PCD Nominee Corporation (Filipino) 6/F MKSE Bldg. Ayala Avenue, Makati City	Various shareholders ³	Filipino	1,442,169,517	13.12%

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

² Megaworld Corporation is both the record and beneficial owner. However, Mr. Andrew L. Tan is usually designated as its representative, with authority to vote its shares at meetings of the stockholders.

³ Under PCD Nominee Corporation, there are no person/s who are beneficial owner/s of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to shares comprising more than five percent (5%) of the outstanding capital stock of the Corporation.

Security ownership of Management

Security ownership of directors and executive officers of the Company as of 30 April 2024:

SECURITY OWNERSHIP OF MANAGEMENT

Title of Class	Name of Beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	Percent of Class
Common	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	0.00%
Common	Giancarlo S. Ng	1 (direct)	Filipino	0.00%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.00%
Common	Jesus B. Varela	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	Michael R. Roxas	0	Filipino	n/a
Common	Maria Carla T. Uykim	0	Filipino	n/a
Common	Nelileen S. Baxa	0	Filipino	n/a
Common	Kirk P. Abot	0	Filipino	n/a

There is no indirect beneficial ownership of the named directors and officers.

(ii) Voting Trust Holders of 5% or more

The Company has no knowledge of persons holding more than five percent (5%) of its voting securities under a voting or similar agreement.

(f) Changes in Control

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

ITEM 5. Directors and Executive Officers

(a) Incumbent Directors, Independent Directors, and Executive Officers

The following are the names, ages, citizenship and periods of service of the incumbent directors and independent directors of the Company, who are elected annually by the stockholders:

Name	Age	Citizenship	Period during which individual has served as such
Andrew L. Tan	74	Filipino	January 2011 up to present
Lourdes T. Gutierrez-Alfonso	60	Filipino	June 2011 up to present
Monica T. Salomon	55	Filipino	1 March 2015 to present
Kevin Andrew L. Tan	44	Filipino	24 June 2014 up to present
Wilbur L. Chan	64	Filipino	January 2011 up to present
Ferdinand T. Santos	73	Filipino	1994 up to present
Giancarlo C. Ng	46	Filipino	28 August 2020 to present
Jesus B. Varela (Independent Director)	67	Filipino	June 2016 up to present
Cresencio P. Aquino (Independent Director)	70	Filipino	2010 to 2012; February 2018 up to present

The following are the names, ages, positions, citizenship and periods of service of the incumbent executive officers of the Company who are elected annually by the Board during its organizational meeting:

Name	Age	Citizenship	Position	Period during which individual has served as such
Andrew L. Tan	74	Filipino	Chairman & CEO	January 2011 up to present
Monica T. Salomon	55	Filipino	President	1 March 2015 to present
Lourdes T. Gutierrez - Alfonso	60	Filipino	Managing Director	1 March 2015 to present
Lailani V. Villanueva	44	Filipino	Chief Financial Officer & Compliance Officer	July 2013 up to present
			Treasurer	March 2019 up to present
			Corporate Information Officer	June 2019 up to present
Maria Carla T. Uykim	47	Filipino	Corporate Secretary and Assistant Corporate Information Officer	April 2019 to present
Nelileen S. Baxa	48	Filipino	Assistant Corporate Secretary	8 October 2020 up to present
Michael R. Roxas	45	Filipino	Chief Audit Executive and Chief Risk Officer	27 June 2019 up to present
Marie Emelyn Gertrudes C. Martinez	59	Filipino	EVP for Legal Division	February 2012 up to present

Felipe L. Mangubat Jr.	58	Filipino	VP – Head of Operations Management	January 2020 to present
Karen B. Maderazo	45	Filipino	VP for HR and Corporate Administration	October 2013 up to present
Kirk P. Abot	54	Filipino	Vice President and Head of Planning and Design of the Company	July 2023 up to present

Brief Background of the Directors and Officers

The business experiences of the Directors and Executive Officers of the Company for the last five (5) years are as follows:

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, Inc., Megaworld 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 Universided 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 Conception

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, is the Vice President and Head of Planning and Design of the Company, 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. He joined the Company in 2018 and led the Architectural Design team. 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.

b. **NOMINEES FOR ELECTION AS DIRECTORS, INCLUDING INDEPENDENT DIRECTORS**

Directors are elected annually by the stockholders during the annual stockholders' meeting to serve until the election and qualification of their successors.

The Corporate Governance Committee accepts nominations to the Board including nominees for independent directors, screens and qualifies the nominees and prepares the final list of candidates for election as members of the Board (the "Final List").

The Corporate Governance Committee, having concluded after evaluation and deliberation that all nominees have all the qualifications and none of the disqualification for election as directors, has determined the following as comprising the Final List of Candidates:

- | | | | |
|----|------------------------------|---|----------------------|
| 1. | Andrew L. Tan | | |
| 2. | Lourdes T. Gutierrez-Alfonso | | |
| 3. | Monica T. Salomon | | |
| 4. | Kevin Andrew L. Tan | | |
| 5. | Ferdinand T. Santos | | |
| 6. | Wilbur L. Chan | | |
| 7. | Giancarlo C. Ng | | |
| 8. | Cresencio P. Aquino | - | Independent Director |
| 9. | Jesus B. Varela | - | Independent Director |

As provided in the Company's Amended By-Laws, nominations made after the issuance of the Final List of Candidates or during the annual stockholders' meeting shall not be allowed.

The foregoing individuals, including the independent directors, who all accepted their respective nominations in writing, were nominated by Megaworld Corporation, the majority stockholder of the Company.

The background and experience of all the nominees for directors have been provided above. The Certification on the connection of the directors/officers with any government agencies or its instrumentalities is attached hereto as Annex "A".

Independent Directors

The Company is required to have at least two (2) independent directors in its Board, who should be independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company. An independent director should have at least one (1) share of the Company's common stock, a college graduate or has been engaged or exposed to the business for at least five (5) years, and possesses integrity/probity and assiduousness.

Pursuant to SEC Memorandum Circular No. 19, Series of 2016, the independent directors shall serve for a maximum cumulative term of nine (9) years, reckoned from 2012. After which, the independent director should be perpetually barred from reelection as such in the Corporation but may continue to qualify for nomination and election as a non-independent director. If the Corporation wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

Mr. Jesus B. Varela was first elected as an independent director in June 2016. Mr. Cresencio P. Aquino, on the other hand, was first elected as an independent director in 2010 to 2012. Mr. Aquino was re-elected as Independent Director on 15 February 2018.

Both Messrs. Varela and Aquino have not exceeded the term limit for independent director, as none of them has served as independent director for more than nine (9) years.

In compliance with SEC Memorandum Circular No. 5, Series of 2017, the Certifications on Qualification of Independent Directors executed by the nominees for independent directors are being submitted together with the Company's Information Statement as Annex "B".

Significant Employees

Other than the Company's executive officers, there are no employees who are expected to make a significant contribution to the Company's business or personnel upon whose services the Company's business is highly dependent.

Family Relationships

Director Kevin Andrew L. Tan is the son of Chairman Andrew L. Tan. Apart from this, there are no other known family relationships between the current members of the Board and key officers.

Involvement in Certain Legal Proceedings

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.

There are no material pending legal proceedings with respect to election of directors.

Certain Relationships and Related Transactions

The Company, 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.

b) *Disagreement with the Company*

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting because of disagreement with the Company on any matter relating to the Company's operations, policies or practices.

ITEM 6. Compensation of Directors and Executive Officers

Executive Officers

NAME	POSITION	YEAR	SALARY	Other Annual Compensation
A. Five Most Highly Compensated Officers	President Director for Hotels and Clubs EVP-Legal Head of Operations Management Chief Finance Officer	2024 (Estimated)	25.0 Million	5.3 Million (Bonus – 2.1 Million, Others – 3.2 Million)
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			40.2 Million	8.3 Million (Bonus – 3.1 Million; Others – 5.2 Million)

NAME	POSITION	YEAR	SALARY	Other Annual Compensation
C. Five Most Highly Compensated Officers	President Director for Hotels and Clubs EVP-Legal Head of Operations Management Chief Finance Officer	2023	23.3 Million	4.9 Million (Bonus – 2.0 Million; Others – 2.9 Million)
Monica T. Salomon Wilbur L. Chan Emelyn C. Martinez Felipe L. Mangubat Jr. Lailani V. Villanueva				
D. All other officers and directors as a group unnamed			37.9 Million	7.8 Million (Bonus – 2.9 Million; Others – 4.9 Million)

NAME	POSITION	YEAR	SALARY	Other Annual Compensation
E. Five Most Highly Compensated Officers		2022	22.5 Million	4.1 Million (Bonus – 1.4 Million; Others – 2.7 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			
Lailani V. Villanueva	Management Chief Finance Officer			
F. All other officers and directors as a group unnamed			24.7 Million	4.2 Million (Bonus – 1.0 Million; Others – 3.2 Million)

The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four highly compensated executives amounted to Php28.2 million in 2023, Php26.6 million in 2022 and Php25.0 million in 2021. The projected total annual compensation for the current year is Php30.3 million.

The total annual compensation paid to all senior personnel from Assistant Vice-President and up were all paid 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.

Directors

Article III, Section 8 of the Company's By-laws provides -

“Section 8. Compensation - By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper.”

Other than payment of per diem per attendance at board meetings, there are neither standard nor other arrangements pursuant to which directors of the Company are compensated or are to be compensated, for any service provided as director for the last completed year and the ensuing year.

In 2023, the Board of Directors held five (5) meetings, which were all attended by the directors.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

The Company has no existing employment contract with any executive officer or any existing compensatory plan or arrangement, including payments to be received from the Company or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, if any, including all periodic payments or installments, which exceeds P2,500,000.

Warrants and Options Outstanding held by Directors or Officers

On 8 November 2011, the Company approved an Executive Stock Option Plan (ESOP) to enable its key Company directors and executives ("Option Holders") 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.

Pursuant to this ESOP, from 2012 to 2016, consisting of five (5) tranches, the Company granted the option to its key company directors and executives to subscribe to a total of 400 million shares of the Company. 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.

To date, the all tranches under the ESOP has expired, the last of which expired on 16 June 2023.

ITEM 7. Independent Public Accountants

(a) Appointment of External Auditor

Punongbayan & Araullo is being recommended to the stockholders at the scheduled Annual Meeting on 27 June 2024 for approval as external auditor of the Company for the calendar year ending 31 December 2024.

Punongbayan & Araullo was the same entity recommended to and approved by the stockholders at the Annual Meeting in 2023 as external auditor of the Company for the calendar year ending 31 December 2023. Punongbayan & Araullo was likewise appointed external auditor of the Company for the calendar years ending 31 December 2022 and 2021.

The appointment of Punongbayan & Araullo is compliant with the provisions SEC Rules on *Strengthening the Commission's Requirements Regarding Auditor Independence* (Release No. 33-8183, January 28, 2003), which require that the external auditor be rotated or the handling partner changed every seven (7) years or earlier. 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.

(b) Availability of Auditor

Representatives of Punongbayan & Araullo are expected to be present during the Annual Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

(c) Members of the Audit Committee

The selection of the external auditor is upon the recommendation of the Audit Committee, which is chaired by Mr. Cresencio P. Aquino with Mr. Jesus B. Varela and Mr. Kevin Andrew L. Tan as members, and is made on the basis of credibility, professional reputation, accreditation with Securities and Exchange Commission, and affiliation with a reputable foreign partner.

(d) Changes in and 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 and its subsidiaries.

(e) 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 Php1.95 million, Php1.73 million, and Php1.68 million, respectively.

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

ITEM 8. Compensation Plans

No action is to be taken up during the Annual Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. Authorization or Issuance of Securities other than for Exchange

No action is to be taken up during the Annual Meeting with respect to the authorization or issuance of any securities other than for exchange for outstanding securities of the Company.

ITEM 10. Modification or Exchange of Securities

No action is to be taken up during the Annual Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

ITEM 11. Financial and Other Information

Financial Statements of the Company for the immediately preceding year as well as the Management's Discussion and Analysis of Operations and Financial Condition for the corresponding period are included in the Company's Management Report and are incorporated herein by reference as Annex "C".

ITEM 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken up during the Annual Meeting with respect to any transaction involving (a) merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (b) the acquisition by the Company or any of its security holders of securities of another person; (c) the acquisition by the Company of any other going business or of the assets thereof; (d) the sale or other transfer of all or any substantial part of the assets of the Company; or (e) the liquidation or dissolution of the Company.

ITEM 13. Acquisition or Disposition of Property

No action is to be taken up during the Annual Meeting with respect to the acquisition or disposition of any property.

ITEM 14. Restatement of Accounts

No action is to be taken up during the Annual Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

ITEM 15. Action with Respect to Reports

The minutes of the annual meeting of stockholders held on 03 July 2023⁴ will be submitted to the stockholders for approval. The minutes will refer to the adoption of stockholders' resolutions pertaining to, among others, the following matters:

1. Approval of the Minutes of the Previous Annual Meeting
2. Appointment of External Auditor
3. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Corporate Officers adopted during the preceding year
4. Election of Directors

The stockholders approved all matters submitted for the approval of the stockholders by proxy or in absentia by emailing their accomplished ballots to the Corporate Secretary until 5:00 pm of 26 June 2023.

All stockholders were given the opportunity to ask questions by sending their questions and/or comments prior to the Annual Meeting through email at corpsecretary@global-estate.ph until 5:00 pm of 01 July 2023. The Minutes of the 2023 Annual Meeting, which is posted in the Company's website, contains a detailed discussion of the matters discussed, a record of the voting results for each agenda item, the list of directors and officers who attended the meeting, the Management's Report on the Company's performance during the previous year.

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the Minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

*Ratification of Acts and Resolutions of the Board of Directors,
Board Committees, and Management*

The stockholders will be asked to ratify all resolutions of the Board of Directors and the Board Committees and acts of Management adopted during the last Annual Meeting held on 03 July 2023 until 27 June 2024.

ITEM 16. Matters not Required to be Submitted

No action is to be taken up during the Annual Meeting with respect to any matter, which is not required to be submitted to a vote of security holders. Only matters that require shareholders' approval will be taken up during the shareholders' meeting.

⁴ The Minutes of the 2023 Annual Stockholders' Meeting is made available for download through the Company's website at <https://geri.com.ph/>.

ITEM 17. Amendment of Charter, By-Laws or Other Documents

No action is to be taken up during the Annual Meeting with respect to any amendment of the Company's Articles of Incorporation, By-laws, or other documents as to which information is not required in the preceding items.

ITEM 18. Other Proposed Actions

No action is to be taken with respect to any matter not specifically referred above.

ITEM 19. Voting Procedures

(a) Vote required

In the election of directors, the nine (9) nominees garnering the highest number of votes will be elected as members of the Board provided that there shall always be elected at least two (2) independent directors in the Company's Board.

For all other matters proposed to be acted upon, the vote of majority of the outstanding capital stock will be required for approval, unless a higher vote is required by applicable laws or regulations.

(b) Method of Counting of Votes

Each holder of common share will be entitled to one (1) vote with respect to all matters to be taken up during the Annual Meeting; provided that in the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided further, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Voting shall be done by ballot/proxy. Stockholders may send their duly accomplished ballot/proxy via email to corpsecretary@global-estate.ph on or before 18 June 2024. Please refer to Appendix "2" (Guidelines in Participating via Remote Communication and Voting in Absentia) for the detailed guidelines for the procedures for registration, participation, and voting during the Annual Meeting. Election inspectors duly appointed for the meeting shall be responsible for counting the number of votes.

PART II

The Company is not soliciting any proxy –

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Quezon City on _____.

GLOBAL-ESTATE RESORTS, INC.

By:



LAILANI V. VILLANUEVA

*Chief Finance Officer, Treasurer, Compliance Officer,
and Corporate Information Officer*

ANNEX "A"

CERTIFICATION

I, **MARIA CARLA T. UYKIM**, of legal age, Filipino, and with office address at 10th Floor, Two World Square, 24 Upper McKinley Road, McKinley Hill, Taguig City, after having been duly sworn to in accordance with law, hereby depose and say that:

1. I am the Corporate Secretary of **GLOBAL-ESTATE RESORTS, INC.**, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Brgy. Bagumbayan, Quezon City (the "Corporation").

2. As Corporate Secretary, I have custody of the books and records of the Corporation.

3. Mr. Jesus B. Varela, the Lead Independent Director, is a Regent of Universidad de Manila and has the required permission from the University President of Universidad de Manila to be an independent director in the Corporation pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

4. Apart from the foregoing, to the best of my knowledge, I certify that none of the members of the Board of Directors, including the other independent director and officers of the Corporation, are appointed to or are employees in any government agency as of the date of this Certification. I further certify that, to the best of my knowledge and apart from the foregoing, none of the nominees to the Board of Directors in the 2024 Annual Stockholders' Meeting and the candidates for election to become officers of the Corporation for the ensuing year are appointed to or are employees in any government agency as of the date of this Certification.

IN WITNESS WHEREOF, I have hereunto set my hand this MAY 17 2024 day of QUEZON CITY, Philippines.

MARIA CARLA T. UYKIM
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 17 2024 at QUEZON CITY, affiant exhibiting to me her Passport No. P0247898B valid until 14 January 2029.

Doc. No. 349;
Page No. 21;
Book No. II;
Series of 2024.


JENELYN R. TUTAY
NOTARY PUBLIC
City of Quezon

Adm. Matter No. NP-447 (2023-2024)
9th Floor, Eastwood Global Plaza, Palm Tree Avenue,
Eastwood City, Bagumbayan, Quezon City 1110.
Roll of Attorney's No. 60345
IBP No. 390884/ 03 January 2024 / Pasig City
PTR No. 5566181 / 05 January 2024 / Quezon City
MCLE Compliance No. VII-0013578;
Issued on 28 of March 2022



UNIVERSIDAD DE MANILA

Republic of the Philippines
City of Manila

OFFICE OF THE UNIVERSITY PRESIDENT

28 September 2023

CERTIFICATION

This to confirm Regent Jess Varela's Appointment as Independent Director of Megaworld Corp., Travellers Inc., Suntrust Resorts Holdings, MREIT Inc. and Global Estate Resorts Inc. interposing No Objection, per Board Resolution No. 63 Series of 2023.

Issued upon the request of Regent Jess Varela for whatever legal purposes this might serve.

MA. FELMA CARLOS-TRIA, Ed.D.
University President

Uplifting lives through quality education.

(Quezon Memorial Circle, Manila, Philippines 1000)

[facebook.com/um.edu.ph](#) admission@um.edu.ph [+632 8131 3131](tel:+63281313131)

Annex "B"

Certifications of Independent Directors

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CRESENCIO P. AQUINO**, of legal age, Filipino and a resident of No. 8, Apeecho Street, Portofino Heights, Daang Hari, Almanza Dos, Las Piñas, Metro Manila, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **GLOBAL-ESTATE RESORTS, INC.**, a corporation duly organized and existing under Philippine laws, with office address at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City (hereafter, the "**Corporation**") and have been its independent director for the years 2010 to 2012 and February 2018 to present.

2. I am nominated for re-election as independent director of the Corporation during its Annual Stockholders' meeting on 27 June 2024;

3. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Megaworld Corporation	Independent Director	2018 to Present
Empire East Land Holdings, Inc.	Independent Director	2018 to Present

4. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation as provided for in Section 38 of the Securities Regulation Code ("**SRC**") and its Implementing Rules and Regulations ("**IRR**") and other issuances of the Securities and Exchange Commission ("**SEC**").

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC, and its IRR, the Code of Corporate Governance for publicly listed companies and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

[Signature page follows]

Done this MAY 17 2024 May 2024 at Quezon City, Philippines.



CRESENCIO P. AQUINO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 17 2024 May 2024 at Quezon City, Philippines, affiant personally appeared before me and exhibited to his Taxpayer Identification Number 113-313-284 as competent evidence of his identity.

Doc. No. 347 ;
Page No. 71 ;
Book No. II ;
Series of 2024.



JENELYN A. TUTAY
NOTARY PUBLIC
City of Quezon

Adm. Matter No. NP-447 (2023-2024)
9th Floor, Eastwood Global Plaza, Palm Tree Avenue,
Eastwood City, Bagumbayan, Quezon City 1110.
Roll of Attorney's No. 60345
IBP No. 390884/ 03 January 2024 / Pasig City
PTR No. 5566181 / 05 January 2024 / Quezon City
MCLE Compliance No. VII-0013578;
Issued on 28 of March 2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JESUS B. VARELA**, of legal age, Filipino and a resident of 119B, Gonzalez Street, Varsity Hills Subdivision, Loyola Heights, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an incumbent independent director of **GLOBAL-ESTATE RESORTS, INC.**, a corporation duly organized and existing under Philippine laws, with office address at 9th Floor, Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City (hereafter, the "**Corporation**") and have been an independent director since 30 June 2016;

2. I am nominated for re-election as independent director of the Corporation during its Annual Stockholders' meeting on 27 June 2024;

3. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
MREIT Inc.	Independent Director	2021 to Present
Universidad de Manila	Regent	2019 to Present
Philippine Daily Tribune	Independent Director	2016 to Present
Travellers International Hotel Group, Inc.	Independent Director	20016 to Present
Megaworld Corporation	Independent Director	2016 to Present

4. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation as provided for in Section 38 of the Securities Regulation Code ("**SRC**") and its Implementing Rules and Regulations ("**IRR**") and other issuances of the Securities and Exchange Commission ("**SEC**").

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I have the required permission from the University President of Universidad de Manila to be an independent director in the Company pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules, as evidence by the Certification attached hereto as Annex "A".

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC, and its IRR, the Code of Corporate Governance for publicly listed companies and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

[Signature page follows].

Done this MAY 17 2024 May 2024 at Quezon City, Philippines.


JESUS B. VARELA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 17 2024 May 2024 at Taguig City, Philippines, affiant personally appeared before me and exhibited to his competent evidence of identity Taxpayer Identification Number 147-974-175.

Doc. No. 348 ;
Page No. 2 ;
Book No. II ;
Series of 2024.


JEREILYN M. TUTAY
NOTARY PUBLIC
City of Quezon
Adm. Matter No. NP-447 (2023-2024)
9th Floor, Eastwood Global Plaza, Palm Tree Avenue,
Eastwood City, Bagumbayan, Quezon City 1110.
Roll of Attorney's No. 60345
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UNIVERSIDAD DE MANILA

Republic of the Philippines
City of Manila

OFFICE OF THE UNIVERSITY PRESIDENT

28 September 2023

CERTIFICATION

This to confirm Regent Jess Varela's Appointment as Independent Director of Megaworld Corp., Travellers Inc., Suntrust Resorts Holdings, MREIT Inc. and Global Estate Resorts Inc. interposing No Objection, per Board Resolution No. 63 Series of 2023.

Issued upon the request of Regent Jess Varela for whatever legal purposes this might serve.

MA. FELMA CARLOS-TRIA, Ed.D.
University President

Uplifting lives through quality education.

One Mission to achieve Manila's Transformation (2021)

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GLOBAL-ESTATE RESORTS, INC.

MANAGEMENT REPORT

For the
2024 Annual Shareholders' Meeting
Pursuant to SRC Rule 20 (4)

Item 1. Financial and Other Information

Audited Financial Statements

The consolidated financial statements as of 31 December 2023 are attached hereto. The Statement of Management Responsibility, Schedules Required under Part IV (c) of Rule 48 are included in the Annual Report (Form 17-A).

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.

1.1 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, *Amendment 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.

- (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.

- (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.

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

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

1.2 *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 FRSB. 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)

1.3 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.

1.4 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.

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).

1.5 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.

1.6 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

1.7 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

1.8 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.

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.

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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

External Auditor

The Group has engaged the services of Punongbayan & Araullo during the most recent calendar year. There were no disagreements with Punongbayan & Araullo on any matter of accounting and financial disclosure.

Attendance of External Auditor at the Meeting

Representatives of the Corporation's external auditor, Punongbayan & Araullo, for the Calendar Year 2023, are expected to be present at the Annual Stockholders' Meeting scheduled on 27 June 2024. Said accountants will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions on the Corporation's financial statements.

BUSINESS AND GENERAL INFORMATION

Form and Date of Organization

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 “**GEDGI**”*), 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.

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

KEY PERFORMANCE INDICATORS

LIQUIDITY RATIOS

	March 31, 2024	March 31, 2023	December 31, 2023	December 31, 2022, as restated
Current Ratio	4.88	4.23	4.87	4.39
Quick Assets Ratio	1.89	1.57	1.83	1.70

Current Ratio (Current Assets/ Current Liabilities)

Liquidity ratio 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

	March 31, 2024	March 31, 2023	December 31, 2023	December 31, 2022, as restated
Debt to Total Assets	35%	33%	35%	33%
Equity to Total Assets	65%	67%	65%	67%
Debt to Equity	53%	49%	54%	50%
Asset to Equity	1.53	1.49	1.54	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.

PROFITABILITY RATIOS

	March 31, 2024	March 31, 2023	December 31, 2023	December 31, 2022, as restated
Return on Equity	1.60%	1.48%	5.63%	5.80%
Return on Assets	0.96%	0.98%	3.55%	3.75%
Earnings per Share	₱ 0.049	₱ 0.044	₱ 0.168	₱ 0.163

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.

ACTIVITY RATIO

	March 31, 2024	March 31, 2023	December 31, 2023	December 31, 2022, as restated
Asset Turnover	2.59%	2.91%	10.55%	10.31%

Asset Turnover (Sales/ Total Assets)

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

INTEREST COVERAGE RATIO

	March 31, 2024	March 31, 2023	December 31, 2023	December 31, 2022, as restated
Interest Coverage	5.62	7.18	6.29	8.28

Interest Coverage Ratio (Earnings before Interest and Income Tax/ Interest Expense)

It measures how easily a company can pay interest on an outstanding debt.

Management Discussion and Analysis

Review for the period ended March 31, 2024

Results of Operations

	Unaudited		Horizontal Analysis		Vertical Analysis	
	1Q2024	1Q2023	Inc. (Dec.)	%	1Q2024	1Q2023
REVENUES AND INCOME						
Real estate sales	P 1,611,706,110	P 1,681,468,080	(P 69,761,970)	-4%	75%	81%
Hotel operations	201,571,242	142,873,837	58,697,405	41%	9%	7%
Rental income	128,715,005	123,418,703	5,296,302	4%	6%	6%
Service income	53,083,449	35,016,883	18,066,566	52%	2%	2%
Marketing fees	1,920,782	7,532,423	(5,611,641)	-74%	0%	0%
Finance and other income	144,463,136	80,371,710	64,091,426	80%	7%	4%
TOTAL REVENUE	2,141,459,723	2,070,681,636	70,778,087	3%	100%	100%
COSTS AND EXPENSES						
Cost of real estate sales	763,068,806	775,251,619	(12,182,813)	-2%	36%	37%
Cost of rentals and services	90,537,246	78,140,183	12,397,063	16%	4%	4%
Cost of hotel operations	88,070,729	74,364,654	13,706,075	18%	4%	4%
Other operating expenses	336,478,086	313,597,275	22,880,811	7%	16%	15%
Finance costs and other charges	101,120,658	83,780,494	17,340,164	21%	5%	4%
TOTAL COSTS AND EXPENSES	1,379,275,524	1,325,134,224	54,141,300	4%	64%	64%
PROFIT BEFORE TAX	762,184,199	745,547,412	16,636,787	2%	36%	36%
TAX EXPENSE	165,692,424	179,773,672	(14,081,248)	-8%	8%	9%
NET PROFIT	596,491,774	565,773,739	30,718,035	5%	28%	27%
OTHER COMPREHENSIVE INCOME (LOSS)						
REVALUATION RESERVE	-	-	-	0%	0%	0%
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	0%	0%	0%
TOTAL COMPREHENSIVE INCOME	P 596,491,774	P 565,773,739	P 30,718,035	5%	28%	27%
Net profit attributable to:						
Parent Company's shareholders	P 542,039,969	P 479,134,079	62,905,891	13%	25%	23%
Non-controlling interest	54,451,805	86,639,661	(32,187,856)	-37%	3%	4%
TOTAL	P 596,491,774	P 565,773,739	P 30,718,035	5%	28%	27%
Total comprehensive income attributable to:						
Parent Company's shareholders	P 542,039,969	P 479,134,079	62,905,891	13%	25%	23%
Non-controlling interest	54,451,805	86,639,661	(32,187,856)	-37%	3%	4%
TOTAL	P 596,491,774	P 565,773,739	P 30,718,035	5%	28%	27%

Consolidated revenues for the three-month period ended March 31, 2024 amounted to Php2.1 billion. The Company's real estate sale of Php1.6 billion came mainly from sale of lots in Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal, The Lindgren in Trece Martires, Cavite City 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 Manila Southwoods and Vineyard Residences, Belvedere and The Manor in Twin Lakes, Tagaytay. Hotel revenues increased by 41% from Php142.9 million as of March 31, 2023 to Php201.6 million as of March 31, 2024 mainly due to the continued rise of local tourism and travel. Rental income increased by 4% from Php123.4 million as of March 31, 2023 to Php128.7 million as of March 31, 2024 due to increase in occupancy of retail spaces. Balance of revenues was contributed by marketing fees of Php1.9 million, finance and other income of Php144.5 million, and Php53.1 million service income.

Cost and expenses posted an increase of Php40.1 million or 3% mainly due to increase in cost of hotel operations, cost of rentals and services, operating expenses and finance cost and other charges.

The company posted a Php596.5 million Net Income or 5% increase for the period ended March 31, 2024, as compared to a Php565.8 million net income realized as of March 31, 2023.

Major Movements of Income Statement Accounts are as follows:

(Increase/ decrease of 5% or more versus March 31, 2023)

- 41% Increase in Hotel revenues – due to continued rise of local tourism and travel.
- 52% Increase in Service income – due to higher service income for the period.
- 75% Decrease in Marketing fees – due to decrease in marketing income from sale of joint venture partners' inventory.
- 80% Increase in Finance and other income – due to increase in interest income on real estate sales.
- 16% Increase in Cost of rentals and services – mainly directly related to the increase in service income.
- 18% Increase in Cost of hotel operations – mainly related to the increase in hotel revenue.
- 7% Increase in Operating expenses – mainly due to increase in expenses directly related to increase in revenue from hotel operations and other administrative expenses.
- 21% Increase in Finance cost and other charges – mainly due to increase in other finance charges.
- 7% Decrease in Income tax expense – due to decrease of taxable income.

Financial Condition

	Unaudited	Audited	Horizontal Analysis		Vertical Analysis	
	1Q2024	2023	Inc. (Dec.)	%	1Q2024	2023
Cash and Cash equivalent	1,482,536,585	2,126,242,354	(643,705,769)	-30%	2%	3%
Trade and other receivables - net	9,042,371,744	8,748,155,409	294,216,335	3%	15%	14%
Contract Assets	5,088,696,893	4,002,000,089	1,086,696,804	27%	8%	6%
Advances to real property owners	49,157,570	43,536,149	5,621,421	13%	0%	0%
Advances to related parties	592,526,412	567,858,131	24,668,281	4%	1%	1%
Inventories	21,260,142,464	21,153,887,807	106,254,657	1%	34%	34%
Prepayments and other current assets	4,543,412,639	4,512,403,499	31,009,140	1%	7%	7%
TOTAL CURRENT ASSETS	42,058,844,307	41,154,083,438	904,760,869	2%	68%	67%
Trade and other receivables - net	5,104,376,511	5,029,437,719	74,938,792	1%	8%	8%
Contract Assets	1,322,414,248	1,805,263,926	(482,849,678)	-27%	2%	3%
Advances to real estate property owners	1,293,198,136	1,293,330,994	(132,858)	0%	2%	2%
Investment in associates	732,082,333	732,082,333	-	0%	1%	1%
Investment Properties - net	10,514,529,565	10,552,467,526	(37,937,961)	0%	17%	17%
Property and equipment - net	878,474,083	879,823,190	(1,349,107)	0%	1%	1%
Right-of-use asset	76,710,865	85,981,538	(9,270,673)	-11%	0%	0%
Other non-current assets	187,437,547	166,060,109	21,377,438	13%	0%	0%
TOTAL NON-CURRENT ASSETS	20,109,223,288	20,544,447,335	(435,224,047)	-2%	32%	33%
TOTAL ASSETS	62,168,067,595	61,698,530,773	469,536,822	1%	100%	100%
Interest bearing loans and borrowings	1,502,544,685	1,527,430,205	(24,885,520)	-2%	2%	2%
Trade and other payables	4,580,053,815	4,578,282,611	1,771,204	0%	7%	7%
Contract liabilities	675,690,669	479,315,525	196,375,144	42%	1%	1%
Due to joint venture partners	495,438,944	493,245,600	2,193,344	0%	1%	1%
Advances from related parties	654,779,592	692,155,728	(37,376,136)	-5%	1%	1%
Customer's deposit	672,019,261	646,053,302	25,965,959	4%	1%	1%
Lease liabilities	38,469,425	38,660,181	(190,756)	0%	0%	0%
TOTAL CURRENT LIABILITIES	8,618,996,391	8,455,143,152	163,853,239	2%	14%	14%
Interest bearing loans and borrowings	7,594,711,179	7,966,639,384	(371,928,205)	-5%	12%	13%
Contract liabilities	379,287,115	446,497,334	(67,210,219)	-15%	1%	1%
Customer's deposit	607,073,079	591,620,464	15,452,615	3%	1%	1%
Retirement benefit obligation	141,685,908	142,618,469	(932,561)	-1%	0%	0%
Deferred tax liability	3,390,976,627	3,287,056,859	103,919,768	3%	5%	5%
Lease liabilities	369,392,379	371,700,567	(2,308,188)	-1%	1%	1%
Other non-current liabilities	519,862,449	495,027,399	24,835,050	5%	1%	1%
TOTAL NON-CURRENT LIABILITIES	13,002,988,736	13,301,160,476	(298,171,740)	-2%	21%	22%
TOTAL LIABILITIES	21,621,985,127	21,756,303,628	(134,318,501)	-1%	35%	35%
EQUITY						
Capital stock	10,986,000,000	10,986,000,000	-	0%	18%	18%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0%	8%	8%
Revaluation reserves	70,029,904	62,666,355	7,363,549	12%	0%	0%
Retained earnings	18,285,125,280	17,743,085,311	542,039,969	3%	29%	29%
Equity attributable to shareholders of the Parent						
Company	34,088,894,458	33,539,490,940	549,403,518	2%	55%	54%
Non-controlling interest	6,457,188,010	6,402,736,205	54,451,805	1%	10%	10%
Total Equity	40,546,082,468	39,942,227,145	603,855,323	2%	65%	65%
TOTAL LIABILITIES AND EQUITY	62,168,067,595	61,698,530,773	469,536,822	1%	100%	100%

The Group's financial position remained stable. Total assets as of March 31, 2024, Php62.2 billion compared to Php61.7 billion as of December 31, 2023, posted an increase of Php469.5 million. Cash and cash equivalents decreased by 30% due to payment to contractors and suppliers for ongoing development of various projects and partial payment of interest-bearing loans, from Php2.1 billion as of December 2023 to Php1.5 billion as of March 2024. Contract assets increased by 10%, from Php5.8 billion as of December 2023 to Php6.4 billion as of March 2024 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Right-of-

use asset decreased by 11%, from Php86.0 million as of December 2023 to Php76.7 million as of March 2024 due to amortization for the period.

Contract liabilities increased by 14% from Php925.8 million as of December 2023 to Php1.1 billion as of March 2024 due to increase of sales from uncompleted projects with lower percentage of completion than percentage of collection. Advances from related parties decreased by 5% from Php692.2 million as of December 2023 to Php654.8 million as of March 2024 due to payments made to related parties. Other non-current liabilities increased from Php495.0 million as of December 2023 to Php519.9 million as of March 2024 or 5% due to increase in retention payable.

Shareholders' Equity increased from Php39.9 billion as of December 2023 to Php40.5 billion as of March 2024 mainly due to the income generated for the period.

Major movements of Balance Sheet Accounts are as follows:

- 30% Decrease in Cash and Cash equivalents – due to payment to contractors and suppliers for ongoing development of various projects and partial payment of interest-bearing loans.
- 10% Increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 11% Decrease in Right-of-use asset – due to amortization for the period.
- 14% Increase in Contract liabilities – due to increase of sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 5% Decrease in Advances from related parties – due to payments made to related parties.
- 5% Increase in Other non-current liabilities – due to increase in retention payable.

Others

As of the year ended March 31, 2024, there are no:

- a. Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- b. Material commitments for capital expenditures, the general purpose of such commitments 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 items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2023

Results of Operations

	Audited		Horizontal Analysis		Vertical Analysis	
	2023	2022	Inc. (Dec.)	%	2023	2022
REVENUES AND INCOME						
Real estate sales	P 6,508,829,115	P 5,899,854,122	P 608,974,993	10%	78%	80%
Hotel operations	567,165,206	420,470,075	146,695,131	35%	7%	6%
Rental income	551,559,805	455,961,990	95,597,815	21%	7%	6%
Service income	191,002,197	138,379,243	52,622,954	38%	2%	2%
Marketing fees	72,567,468	68,717,195	3,850,273	6%	1%	1%
Finance and other income	447,540,825	346,907,590	100,633,235	29%	5%	5%
TOTAL REVENUE	8,338,664,616	7,330,290,215	1,008,374,401	14%	100%	100%
COSTS AND EXPENSES						
Cost of real estate sales	2,798,985,876	2,144,625,053	654,360,823	31%	34%	29%
Cost of rentals and services	365,948,174	319,643,144	46,305,030	14%	4%	4%
Cost of hotel operations	297,442,621	191,572,019	105,870,602	55%	4%	3%
Other operating expenses	1,574,589,050	1,492,773,638	81,815,412	5%	19%	20%
Finance costs and other charges	370,058,121	392,312,495	(22,254,374)	-6%	4%	5%
TOTAL COSTS AND EXPENSES	5,407,023,842	4,540,926,349	866,097,493	19%	65%	62%
PROFIT BEFORE TAX	2,931,640,774	2,789,363,866	142,276,908	5%	35%	38%
TAX EXPENSE	821,412,790	702,803,615	118,609,175	17%	10%	10%
NET PROFIT	2,110,227,984	2,086,560,251	23,667,733	1%	25%	28%
OTHER COMPREHENSIVE INCOME (LOSS)						
REVALUATION RESERVE	(8,837,718)	38,918,313	(47,756,031)	-123%	0%	1%
OTHER COMPREHENSIVE INCOME (LOSS)	(8,837,718)	38,918,313	(47,756,031)	-123%	0%	1%
TOTAL COMPREHENSIVE INCOME	P 2,101,390,266	P 2,125,478,564	(P 24,088,298)	-1%	25%	25%
Net profit attributable to:						
Parent Company's shareholders	P 1,840,437,287	P 1,792,146,732	48,290,555	3%	22%	24%
Non-controlling interest	269,790,697	294,413,519	(24,622,822)	-8%	3%	4%
TOTAL	P 2,110,227,984	P 2,086,560,251	P 23,667,733	1%	25%	28%
Total comprehensive income attributable to:						
Parent Company's shareholders	P 1,831,599,569	P 1,831,065,045	534,524	0%	22%	25%
Non-controlling interest	269,790,697	294,413,519	(24,622,822)	-8%	3%	4%
TOTAL	P 2,101,390,266	P 2,125,478,564	(P 24,088,298)	-1%	25%	29%

For the year ended December 31, 2023 the Group's consolidated net income amounted to Php2.11 billion, a 1% increase from the December 31, 2022 net income of Php2.09 billion.

Consolidated total revenues amounted to Php8.34 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 Php6.23 billion, an increase of 19% from Php5.24 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

	Audited		Horizontal Analysis		Vertical Analysis	
	2023	December 31, 2022, as restated	Inc. (Dec.)	%	2023	2022
Cash and Cash equivalent	2,126,242,354	2,354,706,901	(228,464,547)	-10%	3%	4%
Trade and other receivables - net	8,748,155,409	8,607,314,942	140,840,467	2%	14%	15%
Contract Assets	4,002,000,089	3,438,659,294	563,340,795	16%	6%	6%
Advances to real property owners	43,536,149	55,896,013	(12,359,864)	-22%	0%	0%
Advances to related parties	567,858,131	672,948,672	(105,090,541)	-16%	1%	1%
Inventories	21,153,887,807	20,023,795,404	1,130,092,403	6%	34%	35%
Prepayments and other current assets	4,512,403,499	3,949,207,036	563,196,463	14%	7%	7%
TOTAL CURRENT ASSETS	41,154,083,438	39,102,528,262	2,051,555,176	5%	67%	68%
Trade and other receivables - net	5,029,437,719	3,220,535,535	1,808,902,184	56%	8%	6%
Contract Assets	1,805,263,926	1,062,583,443	742,680,483	70%	3%	2%
Advances to real estate property owners	1,293,330,994	1,272,206,783	21,124,211	2%	2%	2%
Investment in associates	732,082,333	731,197,235	885,098	0%	1%	1%
Investment Properties - net	10,552,467,526	10,705,712,498	(153,244,972)	-1%	17%	19%
Property and equipment - net	879,823,190	883,770,248	(3,947,058)	0%	1%	2%
Right-of-use asset	85,981,538	115,784,192	(29,802,654)	-26%	0%	0%
Other non-current assets	166,060,109	148,190,871	17,869,238	12%	0%	0%
TOTAL NON-CURRENT ASSETS	20,544,447,335	18,139,980,805	2,404,466,530	13%	33%	32%
TOTAL ASSETS	61,698,530,773	57,242,509,067	4,456,021,706	8%	100%	100%
Interest bearing loans and borrowings	1,527,430,205	1,587,254,907	(59,824,702)	-4%	2%	3%
Trade and other payables	4,578,282,611	4,064,589,034	513,693,577	13%	7%	7%
Contract liabilities	479,315,525	595,562,676	(116,247,151)	-19%	1%	1%
Due to joint venture partners	493,245,600	386,706,191	106,539,409	28%	1%	1%
Advances from related parties	692,155,728	851,450,654	(159,294,926)	-19%	1%	1%
Customer's deposit	646,053,302	1,384,011,046	(737,957,744)	-53%	1%	2%
Lease liabilities	38,660,181	34,166,129	4,494,052	13%	0%	0%
TOTAL CURRENT LIABILITIES	8,455,143,152	8,903,740,637	(448,597,485)	-5%	14%	16%
Interest bearing loans and borrowings	7,966,639,384	6,018,414,593	1,948,224,791	32%	13%	11%
Contract liabilities	446,497,334	310,926,830	135,570,504	44%	1%	1%
Customer's deposit	591,620,464	97,981,763	493,638,701	504%	1%	0%
Retirement benefit obligation	142,618,469	111,012,219	31,606,250	28%	0%	0%
Deferred tax liability	3,287,056,859	2,665,766,500	621,290,359	23%	5%	5%
Lease liabilities	371,700,567	408,618,892	(36,918,325)	-9%	1%	1%
Other non-current liabilities	495,027,399	513,118,898	(18,091,499)	-4%	1%	1%
TOTAL NON-CURRENT LIABILITIES	13,301,160,476	10,125,839,695	3,175,320,781	31%	22%	18%
TOTAL LIABILITIES	21,756,303,628	19,029,580,332	2,726,723,296	14%	35%	33%
EQUITY						
Capital stock	10,986,000,000	10,986,000,000	-	0%	18%	19%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0%	8%	8%
Revaluation reserves	62,666,355	71,504,073	(8,837,718)	-12%	0%	0%
Retained earnings	17,743,085,311	16,026,732,810	1,716,352,501	11%	29%	28%
Equity attributable to shareholders of the Parent						
Company	33,539,490,940	31,831,976,157	1,707,514,783	5%	54%	56%
Non-controlling interest	6,402,736,205	6,380,952,578	21,783,627	0%	10%	11%
Total Equity	39,942,227,145	38,212,928,735	1,729,298,410	5%	65%	67%
TOTAL LIABILITIES AND EQUITY	61,698,530,773	57,242,509,067	4,456,021,706	8%	100%	100%

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php61.7 billion as of December 31, 2023 compared to Php57.2 billion as of December 31, 2022 posted an increase of Php4.5 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 Php2.4 billion as of December 2022 to Php2.1 billion as of December 2023. Trade and other receivables increased by 17% due to installment sales booked for the year, from Php11.8 billion as of December 2022 to Php13.8 billion as of December 2023. Contract assets increased by 29%, from Php4.5 billion as of December 2022 to Php5.8 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 Php20.0 billion as of December 31, 2022 to Php21.2 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 Php4.1 billion as of December 31, 2022 to Php4.7 billion as of December 31, 2023.

Trade and other payables increased by 13% mainly due to increase in payables to contractors and suppliers, from Php4.1 billion as of December 31, 2022 to Php4.6 billion as of December 31, 2023. Interest-bearing loans and borrowings increased by 25% from Php7.6 billion as of December 31, 2022 to Php9.5 billion as of December 31, 2023 due to availment of new interest-bearing loans. Due to joint venture partners increased by 28% from Php386.7 million as of December 31, 2022 to Php493.2 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 Php1.5 billion as of December 2022 to Php1.2 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 Php2.7 billion as of December 31, 2022 to Php3.3 billion as December 31, 2023. Lease liabilities decreased by 7% from Php442.8 million as of December 31, 2022 to Php410.4 million as of December 31, 2023 due to end of a lease contract.

Shareholders' Equity increased from Php38.2 billion to Php39.9 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.

Others

As of the year ended December 31, 2023, there are no:

- i. Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- j. Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- k. 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.
- l. Significant elements of income or loss that did not arise from the Company's continuing operations.
- m. Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- n. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- o. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- p. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2022

Continuing Impact of COVID-19 Pandemic on the Company's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing for the calendar year 2022. In 2022, the country's economic status improved because of reopening of local and international travels and loosening of health and safety protocols and restrictions. Demand and supply of products are slowly returning to pre-pandemic levels. As a result, overall continuing impact of the COVID-19 pandemic to the Company is continuously improving and Company's operations is slowly going back to its pre-pandemic levels.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern due to the effects of the pandemic.

Results of Operations

	Audited		Horizontal Analysis		Vertical analysis	
	2022	2021	Inc. (Dec.)	%	2022	2021
REVENUES AND INCOME						
Real estate sales	P 5,899,854,122	P 3,717,314,154	P 2,182,539,968	59%	80%	75%
Rental income	455,961,990	408,929,904	47,032,086	12%	6%	8%
Marketing fees	68,717,195	148,531,430	(79,814,235)	-54%	1%	3%
Hotel operations	420,470,075	145,950,403	274,519,672	188%	6%	3%
Service income	138,379,243	131,419,980	6,959,263	5%	2%	3%
Finance and other income	346,907,590	433,968,542	(87,060,952)	-20%	5%	9%
TOTAL REVENUE	7,330,290,215	4,986,114,413	2,344,175,802	47%	100%	100%
COSTS AND EXPENSES						
Cost of real estate sales	2,144,625,053	1,628,491,489	516,133,564	32%	29%	33%
Cost of rentals and services	319,643,144	344,233,070	(24,589,926)	-7%	4%	7%
Cost of hotel operations	191,572,019	75,864,785	115,707,234	153%	3%	2%
Other operating expenses	1,492,773,638	1,044,689,038	448,084,600	43%	20%	21%
Finance costs and other charges	392,076,778	220,512,155	171,564,623	78%	5%	4%
Equity share in net losses of associates	235,717	594,473	(358,756)	-60%	0%	0%
TOTAL COSTS AND EXPENSES	4,540,926,349	3,314,385,010	1,226,541,339	37%	62%	66%
PROFIT BEFORE TAX	2,789,363,866	1,671,729,403	1,117,634,463	67%	38%	34%
TAX EXPENSE	702,803,615	177,036,359	525,767,256	297%	10%	4%
NET PROFIT	2,086,560,251	1,494,693,044	591,867,207	40%	28%	30%
OTHER COMPREHENSIVE INCOME (LOSS)						
Revaluation reserve	38,918,313	24,957,294	13,961,019	56%	1%	1%
OTHER COMPREHENSIVE INCOME (LOSS)	38,918,313	24,957,294	13,961,019	56%	1%	1%
TOTAL COMPREHENSIVE INCOME	P 2,125,478,564	P 1,519,650,338	P 605,828,226	40%	29%	30%
Net profit attributable to:						
Parent Company's shareholders	P 1,792,146,732	P 1,311,281,638	480,865,094	37%	24%	26%
Non-controlling interest	294,413,519	183,411,406	111,002,113	61%	4%	4%
TOTAL	P 2,086,560,251	P 1,494,693,044	P 591,867,207	40%	28%	30%
Total comprehensive income attributable to:						
Parent Company's shareholders	P 1,831,065,045	P 1,336,238,932	494,826,113	37%	25%	27%
Non-controlling interest	294,413,519	183,411,406	111,002,113	61%	4%	4%
TOTAL	P 2,125,478,564	P 1,519,650,338	P 605,828,226	40%	29%	30%

For the year ended December 31, 2022 the Group's consolidated net income amounted to Php2.09 billion, a 40% increase from the December 31, 2021 net income of Php1.49 billion.

Consolidated total revenues amounted to Php7.33 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 Php5.24 billion, an increase of 50% from Php3.49 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)

	Audited		Horizontal Analysis		Vertical Analysis	
	December 31, 2022, as restated	January 1, 2022, as restated	Inc. (Dec.)	%	2023	2022
Cash and Cash equivalent	2,354,706,901	3,949,449,148	(1,594,742,247)	-40%	4%	7%
Trade and other receivables - net	8,607,314,942	7,594,232,886	1,013,082,056	13%	15%	14%
Contract Assets	3,438,659,294	1,914,210,251	1,524,449,043	80%	6%	4%
Advances to real property owners	55,896,013	45,442,620	10,453,393	23%	0%	0%
Advances to related parties	672,948,672	714,141,424	(41,192,752)	-6%	1%	1%
Inventories	20,023,795,404	18,872,379,522	1,151,415,882	6%	35%	35%
Prepayments and other current assets	3,949,207,036	3,245,392,771	703,814,265	22%	7%	6%
TOTAL CURRENT ASSETS	39,102,528,262	36,335,248,622	2,767,279,640	8%	68%	67%
Trade and other receivables - net	3,220,535,535	2,501,782,413	718,753,122	29%	6%	5%
Contract Assets	1,062,583,443	1,233,089,935	(170,506,492)	-14%	2%	2%
Advances to real estate property owners	1,272,206,783	1,258,287,730	13,919,053	1%	2%	2%
Investment in associates	731,197,235	731,432,952	(235,717)	0%	1%	1%
Investment Properties - net	10,705,712,498	10,797,030,614	(91,318,116)	-1%	19%	20%
Property and equipment - net	883,770,248	912,535,908	(28,765,660)	-3%	2%	2%
Right-of-use asset	115,784,192	150,159,058	(34,374,866)	-23%	0%	0%
Other non-current assets	148,190,871	160,092,926	(11,902,055)	-7%	0%	0%
TOTAL NON-CURRENT ASSETS	18,139,980,805	17,744,411,536	395,569,269	2%	32%	33%
TOTAL ASSETS	57,242,509,067	54,079,660,158	3,162,848,909	6%	100%	100%
Interest bearing loans and borrowings	1,587,254,907	1,387,254,907	200,000,000	14%	3%	3%
Trade and other payables	4,064,589,034	3,605,270,531	459,318,503	13%	7%	7%
Contract liabilities	595,562,676	491,603,288	103,959,388	22%	1%	1%
Due to joint venture partners	386,706,191	400,238,268	(13,532,077)	-3%	1%	1%
Advances from related parties	851,450,654	850,531,858	918,796	0%	1%	2%
Redeemable preferred shares	-	251,597,580	(251,597,580)	-100%	0%	0%
Customer's deposit	1,384,011,046	1,226,743,675	157,267,371	13%	2%	2%
Lease liabilities	34,166,129	29,157,761	5,008,368	17%	0%	0%
TOTAL CURRENT LIABILITIES	8,903,740,637	8,242,397,868	661,342,769	8%	16%	15%
Interest bearing loans and borrowings	6,018,414,593	6,105,669,497	(87,254,904)	-1%	11%	11%
Contract liabilities	310,926,830	267,065,145	43,861,685	16%	1%	0%
Customer's deposit	97,981,763	73,650,170	24,331,593	33%	0%	0%
Retirement benefit obligation	111,012,219	127,234,441	(16,222,222)	-13%	0%	0%
Deferred tax liability	2,665,766,500	2,135,571,400	530,195,100	25%	5%	4%
Lease liabilities	408,618,892	442,785,024	(34,166,132)	-8%	1%	1%
Other non-current liabilities	513,118,898	597,836,442	(84,717,544)	-14%	1%	1%
TOTAL NON-CURRENT LIABILITIES	10,125,839,695	9,749,812,119	376,027,576	4%	18%	18%
TOTAL LIABILITIES	19,029,580,332	17,992,209,987	1,037,370,345	6%	33%	33%
EQUITY						
Capital stock	10,986,000,000	10,986,000,000	-	0%	19%	20%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0%	8%	9%
Revaluation reserves	71,504,073	32,585,760	38,918,313	119%	0%	0%
Retained earnings	16,026,732,810	14,234,586,078	1,792,146,732	13%	28%	26%
Equity attributable to shareholders of the						
Parent Company	31,831,976,157	30,000,911,112	1,831,065,045	6%	56%	55%
Non-controlling interest	6,380,952,578	6,086,539,059	294,413,519	5%	11%	11%
Total Equity	38,212,928,735	36,087,450,171	2,125,478,564	6%	67%	67%
TOTAL LIABILITIES AND EQUITY	57,242,509,067	54,079,660,158	3,162,848,909	6%	100%	100%

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php57.2 billion as of December 31, 2022 as restated compared to Php54.1 billion as of January 1, 2022 as restated posted an increase of Php3.2 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 Php3.9 billion as of January 1, 2022 as restated to Php2.4 billion as of December 31, 2022 as restated. Trade and other receivables increased by 17% due to installment sales booked for the year, from Php10.1 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 Php3.1 billion as of January 1, 2022 as restated to Php4.5 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 Php18.9 billion as of January 1, 2022 as restated to Php20.0 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 Php3.4 billion as of January 1, 2022 as restated to Php4.1 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 Php3.6 billion as of January 1, 2022 as restated to Php4.1 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 Php1.3 billion as of January 1, 2022 as restated to Php1.5 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 Php2.1 billion as of January 1, 2022 as restated to Php2.7 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 Php597.8 million as of January 1, 2022 as restated to Php513.1 million as of December 31, 2022 as restated mainly due to presentation of current retention payable to current liability.

Shareholders' Equity increased from Php36.1 billion to Php38.2 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.

Others

As of the year ended December 31, 2022, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- 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.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

- x. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

Review for the year ended December 31, 2021

Results of Operations

	Audited		Horizontal Analysis		Vertical Analysis	
	2021	2020	Inc. (Dec.)	%	2021	2020
REVENUES AND INCOME						
Real estate sales	P 3,717,314,154	P 3,614,255,530	P 103,058,624	3%	75%	70%
Rental income	408,929,904	619,359,588	(210,429,684)	-34%	8%	12%
Marketing fees	148,531,430	314,157,595	(165,626,165)	-53%	3%	6%
Hotel operations	145,950,403	201,209,745	(55,259,342)	-27%	3%	4%
Service income	131,419,980	124,218,552	7,201,428	6%	3%	2%
Finance and other income	433,968,542	322,396,825	111,571,717	35%	9%	6%
TOTAL	4,986,114,413	5,195,597,835	(209,483,422)	-4%	100%	100%
COSTS AND EXPENSES						
Cost of real estate sales	1,628,491,489	1,538,459,693	90,031,796	6%	33%	30%
Cost of rentals and services	344,233,070	317,293,791	26,939,279	9%	7%	6%
Cost of hotel operations	75,864,785	113,669,079	(37,804,294)	-33%	2%	2%
Other operating expenses	1,044,689,038	1,122,279,497	(77,590,459)	-7%	21%	22%
Finance costs and other charges	220,512,155	156,338,409	64,173,746	41%	4%	3%
Equity share in net losses of associates	594,473	120,265	474,208	394%	0%	0%
TOTAL	3,314,385,010	3,248,160,734	66,224,276	2%	66%	63%
PROFIT BEFORE TAX	1,671,729,403	1,947,437,101	(275,707,698)	-14%	34%	37%
TAX EXPENSE	177,036,359	647,156,777	(470,120,418)	-73%	4%	12%
NET PROFIT	1,494,693,044	1,300,280,324	194,412,720	15%	30%	25%
OTHER COMPREHENSIVE INCOME (LOSS)						
Remeasurements of retirement benefit plan	34,002,912	3,372,833	30,630,079	908%	1%	0%
Tax income (expense)	(9,045,618)	(1,011,850)	(8,033,768)	794%	0%	0%
OTHER COMPREHENSIVE INCOME (LOSS)	24,957,294	2,360,983	22,596,311	957%	1%	0%
TOTAL COMPREHENSIVE INCOME	P 1,519,650,338	P 1,302,641,307	P 217,009,031	17%	30%	25%
Net profit attributable to:						
Parent Company's shareholders	P 1,311,281,638	P 1,086,836,496	224,445,142	21%	26%	21%
Non-controlling interest	183,411,406	213,443,828	(30,032,422)	-14%	4%	4%
TOTAL	P 1,494,693,044	P 1,300,280,324	P 194,412,720	15%	30%	25%
Total comprehensive income attributable to:						
Parent Company's shareholders	P 1,336,238,932	P 1,089,197,479	247,041,453	23%	27%	21%
Non-controlling interest	183,411,406	213,443,828	(30,032,422)	-14%	4%	4%
TOTAL	P 1,519,650,338	P 1,302,641,307	P 217,009,031	17%	30%	25%

For the year ended December 31, 2021 the Group's consolidated net income amounted to Php1.49 billion, a 15% increase from the December 31, 2020 net income of Php1.30 billion.

Consolidated total revenues amounted to Php4.99 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 Php3.49 billion, a decrease of 10% from Php3.89 billion as of December 2020, mainly due to decrease in cost of hotel operations, operating expenses and tax expense.

Financial Condition

	Audited		Horizontal Analysis		Vertical Analysis	
	2021	2020	Inc. (Dec.)	%	2023	2022
Cash and Cash equivalent	3,949,449,148	2,239,105,042	1,710,344,106	76%	7%	4%
Trade and other receivables - net	7,529,861,186	7,078,288,731	451,572,455	6%	14%	14%
Contract Assets	1,914,210,251	1,936,273,057	(22,062,806)	-1%	4%	4%
Advances to real property owners	45,442,620	217,433,954	(171,991,334)	-79%	0%	0%
Advances to related parties	714,141,424	717,625,029	(3,483,605)	0%	1%	1%
Inventories	18,872,379,522	18,221,005,862	651,373,660	4%	35%	36%
Prepayments and other current assets	3,245,392,771	3,268,871,910	(23,479,139)	-1%	6%	6%
TOTAL CURRENT ASSETS	36,270,876,922	33,678,603,585	2,592,273,337	8%	67%	67%
Trade and other receivables - net	2,604,563,540	2,143,693,587	460,869,953	21%	5%	4%
Contract Assets	1,233,089,935	857,722,890	375,367,045	44%	2%	2%
Advances to real estate property owners	1,258,287,730	1,066,134,052	192,153,678	18%	2%	2%
Investment in associates	731,432,952	732,027,425	(594,473)	0%	1%	1%
Investment Properties - net	10,797,030,614	10,824,754,225	(27,723,611)	0%	20%	21%
Property and equipment - net	912,535,908	940,361,431	(27,825,523)	-3%	2%	2%
Right-of-use asset	150,159,058	128,232,911	21,926,147	17%	0%	0%
Other non-current assets	160,092,926	189,697,156	(29,604,230)	-16%	0%	0%
TOTAL NON-CURRENT ASSETS	17,847,192,663	16,882,623,677	964,568,986	6%	33%	33%
TOTAL ASSETS	54,118,069,585	50,561,227,262	3,556,842,323	7%	100%	100%
Interest bearing loans and borrowings	1,387,254,907	1,470,588,240	(83,333,333)	-6%	3%	3%
Trade and other payables	3,605,270,531	3,338,759,931	266,510,600	8%	7%	7%
Contract liabilities	491,603,288	472,550,220	19,053,068	5%	1%	1%
Due to joint venture partners	400,238,268	410,467,353	(10,229,085)	-2%	1%	1%
Advances from related parties	850,531,858	916,543,597	(66,011,739)	-7%	2%	2%
Redeemable preferred shares	251,597,580	251,597,580	-	0%	0%	0%
Customer's deposit	1,226,743,675	1,114,701,002	112,042,673	10%	2%	2%
Lease liabilities	84,127,139	46,816,744	37,310,395	80%	0%	0%
TOTAL CURRENT LIABILITIES	8,297,367,246	8,022,024,667	275,342,579	3%	15%	16%
Interest bearing loans and borrowings	6,105,669,497	3,863,970,580	2,241,698,917	58%	11%	8%
Contract liabilities	267,065,145	327,009,832	(59,944,687)	-18%	0%	1%
Redeemable preferred shares	-	251,597,580	(251,597,580)	-100%	0%	0%
Customer's deposit	73,650,170	182,764,669	(109,114,499)	-60%	0%	0%
Retirement benefit obligation	127,234,441	125,775,212	1,459,229	1%	0%	0%
Deferred tax liability	2,135,571,400	2,078,888,861	56,682,539	3%	4%	4%
Lease liabilities	442,785,024	426,818,577	15,966,447	4%	1%	1%
Other non-current liabilities	597,836,442	731,137,402	(133,300,960)	-18%	1%	1%
TOTAL NON-CURRENT LIABILITIES	9,749,812,119	7,987,962,713	1,761,849,406	22%	18%	16%
TOTAL LIABILITIES	18,047,179,365	16,009,987,380	2,037,191,985	13%	33%	32%
EQUITY						
Capital stock	10,986,000,000	10,986,000,000	-	0%	20%	22%
Additional paid-in capital	4,747,739,274	4,747,739,274	-	0%	9%	9%
Revaluation reserves	32,585,760	7,628,466	24,957,294	327%	0%	0%
Retained earnings	14,218,026,127	12,906,744,489	1,311,281,638	10%	26%	26%
Equity attributable to shareholders of the						
Parent Company	29,984,351,161	28,648,112,229	1,336,238,932	5%	55%	57%
Non-controlling interest	6,086,539,059	5,903,127,653	183,411,406	3%	11%	12%
Total Equity	36,070,890,220	34,551,239,882	1,519,650,338	4%	67%	68%
TOTAL LIABILITIES AND EQUITY	54,118,069,585	50,561,227,262	3,556,842,323	7%	100%	100%

The Group's financial position remained stable and with adequate capacity to support its growth. Total Assets of Php54.1 billion as of December 31, 2021 compared to Php50.6 billion as of December 31, 2020 posted an increase of Php3.6 billion or 7%.

Cash and cash equivalents increased by 76% mainly due to additional Interest-bearing loans and borrowings, from Php2.2 billion as of December 2020 to Php3.9 billion as of December 2021. Trade and other receivables increased by 10% due to installment sales booked for the year, from Php9.2 billion as of December 2020 to Php10.1 billion as of December 2021. Contract assets increased by 13%, from Php2.8 billion as of December 2020 to Php3.1 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 Php2.16 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 Php916 million as of December 2020 to Php850.5 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 Php473.6 million in December 2020 to Php527 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 Php731 million to Php598 million mainly due to presentation of portion of retention payable to current liability.

Shareholders' Equity increased from Php34.5 billion to Php36 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.

Others

As of the year ended December 31, 2021, there are no:

- a. Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- b. Material commitments for capital expenditures, the general purpose of such commitments 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 items of the Company's financial operations.
- f. Seasonal aspects that had a material effect on the financial condition or results of the operations.
- g. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- h. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

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.

AUDIT AND AUDIT- RELATED FEES

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 Php1.95 million, Php1.73 million, and Php1.68 million, respectively.

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

Item 9. Market for Registrant's Common Equity and Related Stockholder Matters

(1) Stock Prices

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	
<u>2024</u> <u>First Quarter</u>	High 0.94	Low 0.80
<u>2023</u> <u>First Quarter</u>	High 0.91	Low 0.89
<u>Second Quarter</u>	0.89	0.84
<u>Third Quarter</u>	0.87	0.79
<u>Fourth Quarter</u>	0.95	0.80

<u>2022</u>	High	Low
<u>First Quarter</u>	0.94	0.89
<u>Second Quarter</u>	0.92	0.83
<u>Third Quarter</u>	0.96	0.84
<u>Fourth Quarter</u>	0.93	0.93
<u>2021</u>	High	Low
<u>First Quarter</u>	0.95	0.80
<u>Second Quarter</u>	0.90	0.81
<u>Third Quarter</u>	1.33	0.82
<u>Fourth Quarter</u>	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 30, 2024 is Php0.79 per share.

(2) **Holders**

GERI has a total of about 4,145 common shareholders as of April 30, 2024.

TOP 20 STOCKHOLDERS AS OF APRIL 30, 2024

	STOCKHOLDER'S NAME	NO. OF SHARES	% OF OWNERSHIP
1	MEGAWORLD CORPORATION	9,035,638,139	82.584
2	PCD NOMINEE CORPORATION (FILIPINO)	1,442,169,517	13.181
3	PRYCE CORPORATION	212,834,000	1.945
4	PGI RETIREMENT FUND, INC	70,254,500	0.642
5	FIL-ESTATE MANAGEMENT INC.	38,000,159	0.347
6	PCD NOMINEE CORPORATION (FOREIGN)	37,454,022	0.342
7	F. YAP SECURITIES, INC.	32,947,000	0.301
8	JOSEFINA MULTI-VENTURES CORPORATION	22,682,500	0.207
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	0.053
13	ROMEO G. ROXAS	3,716,000	0.034
14	AVESCO MARKETING	3,512,106	0.032
15	WILBUR 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	0.016
20	MAXIMINO S. UY &/OR LIM HUE HUA	1,478,400	0.014

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 31, 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.

(4) Recent Sale 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.

Discussion on Compliance with Leading Practice on 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. The Manual also provides for the establishment of an internal self-rating system to determine and measure compliance by the Board and Management to the Manual.

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.

The Company affirms its deep commitment to a high standard of corporate governance practice firmly anchored on the principles of good corporate governance applied throughout the institution with the end view of fostering a corporate environment grounded on sound strategic business management. The Company's good market reputation has been built on the solid foundation of an ethical corporate culture and responsible business conduct, underpinned by a well-structured and effective system of governance.

Undertaking to Provide Annual Report

THE CORPORATION UNDERTAKES TO PROVIDE EACH STOCKHOLDER WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST ADDRESSED TO EITHER OF:

Atty. Maria Carla T. Uykim
Corporate Secretary
9th Floor, Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Banco de Oro Unibank, Inc.
Stock Transfer Department
Makati Ave. Cor. H.V. dela Costa St.
Makati City

Global-Estate Resorts, Inc.

DISCLOSURE REQUIREMENTS UNDER SECTION 49 OF THE REVISED CORPORATION CODE

List of Required Information	Source/Reference
a) The minutes of the most recent regular meeting which shall include, among others:	
(1) A description of the voting and vote tabulation procedures used in the previous meeting	Kindly refer to the Minutes of the Annual Stockholders' Meeting held on 03 July 2023, which is uploaded in the Company's website: https://geri.com.ph/company-disclosures/type/annual-stockholders-meeting/
(2) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given	Kindly refer to the Minutes of the Annual Stockholders' Meeting held on 03 July 2023, which is uploaded in the Company's website: https://geri.com.ph/company-disclosures/type/annual-stockholders-meeting/
(3) The matters discussed and resolutions reached	Kindly refer to the Minutes of the Annual Stockholders' Meeting held on 03 July 2023, which is uploaded in the Company's website: https://geri.com.ph/company-disclosures/type/annual-stockholders-meeting/
(4) A record of the voting results for each agenda item	Kindly refer to the Minutes of the Annual Stockholders' Meeting held on 03 July 2023, which is uploaded in the Company's website: https://geri.com.ph/company-disclosures/type/annual-stockholders-meeting/
(5) A list of the directors or trustees, officers and stockholders or members who attended the meeting	Kindly refer to the Minutes of the Annual Stockholders' Meeting held on 03 July 2023, which is uploaded in the Company's website: https://geri.com.ph/company-disclosures/type/annual-stockholders-meeting/
(6) Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders.	Kindly refer to the Minutes of the Annual Stockholders' Meeting held on 03 July 2023, which is uploaded in the Company's website: https://geri.com.ph/company-disclosures/type/annual-stockholders-meeting/
b) Material information on the current stockholders, and their voting rights	Kindly refer to Part I, Item B, Item 4 on Voting Securities and Principal Holders Thereof of the Information Statement (pages 9 to 10).
c) A detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs	Kindly refer to the following: (1) Part on Financial Information in the Company's Management Report (pages 13 to 31) [Annex "C"); (2) 2023 Audited Financial Statement (Annex "E"); (3) Quarterly Report for the period ending March 31, 2024 (Annex "F").

	The foregoing documents are all attached to the Information Statement.
d) A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees	Kindly refer to the 2023 Audited Financial Statement attached as Annex "E" of the Information Statement.
e) An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof	Kindly refer to the portion on Dividends in the Company's Management Report (page 34) that is attached to the Information Statement as Annex "C".
f) Director or trustee profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representations in other corporations	Kindly refer to Part I, B, Item 5 Directors and Executive Officers (pages 11 to 15) of the Information Statement.
g) A director or trustee attendance report, indicating the attendance of each director or trustee at each of the meetings of the board and its committees and in regular or special stockholder meetings	Kindly refer to Part I, B, Item 6 Compensation of Directors and Officers, particularly the last sentence under the heading "Directors" (Page 21) of the Information Statement.
h) Appraisals and performance reports for the board and the criteria and procedure for assessment	Kindly refer to the portion on Discussion on Compliance with Leading Practice on Corporate Governance in the Company's Management Report (page 34-35) that is attached to the Information Statement as Annex "C".
i) A director or trustee compensation report prepared in accordance with this Code and the rules the Commission may prescribe	Kindly refer to Part I, B, Item 6 Compensation of Directors and Officers (Pages 19 to 21) of the Information Statement.
j) Director disclosures on self-dealings and related party transactions	See page 19 of Management Report attached in the Information Statement as Annex "C".
k) The profiles of directors nominated or seeking election or reelection.	Kindly refer to Part I, B, Item 5 Directors and Officers (pages 13 to 15) of the Information Statement.

COVER SHEET

Annex "E"

for
AUDITED FINANCIAL STATEMENTS

Sec Registration Number

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COMPANY NAME

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A	N	D		S	U	B	S	I	D	I	A	R	I	E	S															

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

9	T	H		F	L	O	O	R		E	A	S	T	W	O	O	D		G	L	O	B	A	L		P	L	A	Z	A
P	A	L	M		T	R	E	E		A	V	E	N	U	E		B	A	G	U	M	B	A	Y	A	N				
1	1	1	0		Q	U	E	Z	O	N		C	I	T	Y															

Form Type

A	A	F	S
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

lvillanueva@global-estate.ph

Company's Telephone Number/s

5-328-4370

Mobile Number

N/A

No. of Stockholders

4,152

Annual Meeting (Month / Day)

Last Thursday of June

Fiscal Year (Month / Day)

December-31

CONTACT PERSON INFORMATION

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

Name of Contact Person

LAILANI V. VILLANUEVA

Email Address

lvillanueva@global-estate.ph

Telephone Number/s

5-328-4370

Mobile Number

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-receipt 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. and Subsidiaries** 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

Lani 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 22 day of MAR 2024 at Quezon City, Philippines, affiant(s) exhibited to me their respective identification cards, as follows:

NAMES

Identification Number

Andrew L. Tan
Monica T. Salomon
Lailani V. Villanueva

TIN 125-960-003-000
TIN 182-240-560-000
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.

Doc No. 465
Page No. 94
Book No. 4
Series of 2024

mariper B. Aguilan
NOTARY PUBLIC
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

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)

Report of Independent Auditors

Punongbayan & Araullo

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

T +63 2 8988 2288

The Board of Directors and Stockholders
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)

			December 31, 2022 (As Restated – see Note 2)	January 1, 2022 (As Restated – see Note 2)
	<u>Notes</u>	<u>2023</u>		
<u>ASSETS</u>				
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		<u>P 61,698,530,773</u>	<u>P 57,242,509,067</u>	<u>P 54,079,660,158</u>

			December 31, 2022 (As Restated – see Note 2)	January 1, 2022 (As Restated – see Note 2)
	Notes	2023		
<u>LIABILITIES AND EQUITY</u>				
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					Non-controlling Interest	
	Capital Stock (see Note 26)	Additional Paid-in Capital	Revaluation Reserves (see Note 23)	Retained Earnings (see Notes 2 and 26)	Total	(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	<u>P 10,986,000,000</u>	<u>P 4,747,739,274</u>	<u>P 62,666,355</u>	<u>P 17,743,085,311</u>	<u>P 33,539,490,940</u>	<u>P 6,402,736,205</u>	<u>P 39,942,227,145</u>
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	<u>P 10,986,000,000</u>	<u>P 4,747,739,274</u>	<u>P 71,504,073</u>	<u>P 16,026,732,810</u>	<u>P 31,831,976,157</u>	<u>P 6,380,952,578</u>	<u>P 38,212,928,735</u>
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	<u>P 10,986,000,000</u>	<u>P 4,747,739,274</u>	<u>P 32,585,760</u>	<u>P 14,234,586,078</u>	<u>P 30,000,911,112</u>	<u>P 6,086,539,059</u>	<u>P 36,087,450,171</u>

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
<i>Balance carried forward</i>		(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:

<u>Subsidiaries/Associates</u>	<u>Explanatory Notes</u>	<u>Percentage of Ownership</u>
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. (FPCEL.C)	(a)	100%
Golden Sun Airways, Inc. (GSAI)	(a)	100%
La Compañía 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, *Amendment 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:

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

Reposessed 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 reposessed 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.

(b) 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.

As of and for the Year Ended December 31, 2023

	<u>Real Estate</u>	<u>Rental</u>	<u>Hotel Operations</u>	<u>Service Income</u>	<u>Corporate and Others</u>	<u>Total</u>
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	<u>P 6,980,858,625</u>	<u>P 640,480,620</u>	<u>P 567,165,206</u>	<u>P 319,438,279</u>	<u>P 358,262,192</u>	<u>P 8,866,204,922</u>
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	-	-	-	-	-	<u>P 1,840,437,287</u>
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	<u>P49,756,068,412</u>	<u>P 6,311,850,455</u>	<u>P 1,281,853,383</u>	<u>P 380,523,757</u>	<u>P 3,968,234,766</u>	<u>P61,698,530,773</u>
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	<u>P19,600,433,120</u>	<u>P 524,656,277</u>	<u>P 1,045,192,215</u>	<u>P 254,601,763</u>	<u>P 331,420,253</u>	<u>P21,756,303,628</u>
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

	<u>Real Estate</u>	<u>Rental</u>	<u>Hotel Operations</u>	<u>Service Income</u>	<u>Corporate and Others</u>	<u>Total</u>
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	<u>P 6,141,965,484</u>	<u>P 526,350,546</u>	<u>P 420,470,075</u>	<u>P 231,468,568</u>	<u>P 438,744,251</u>	<u>P 7,758,998,924</u>
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						<u>P 1,792,146,732</u>
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	<u>P45,137,176,818</u>	<u>P 5,902,349,230</u>	<u>P 1,125,870,952</u>	<u>P 361,140,617</u>	<u>P 4,715,971,450</u>	<u>P57,242,509,067</u>
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	<u>2,665,766,500</u>	-	-	-	-	<u>2,665,766,500</u>
Total liabilities	<u>P16,819,748,310</u>	<u>P 663,340,867</u>	<u>P 866,792,834</u>	<u>P 233,749,039</u>	<u>P 445,949,282</u>	<u>P19,029,580,332</u>
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

	<u>Real Estate</u>	<u>Rental</u>	<u>Hotel Operations</u>	<u>Service Income</u>	<u>Corporate and Others</u>	<u>Total</u>
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	<u>P 3,871,797,094</u>	<u>P 479,216,775</u>	<u>P 145,950,403</u>	<u>P 159,188,849</u>	<u>P 796,343,842</u>	<u>P 5,452,496,963</u>
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						<u>P 1,311,281,638</u>

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	<u>P40,036,458,317</u>	<u>P 6,066,361,593</u>	<u>P 916,699,624</u>	<u>P 281,395,439</u>	<u>P 6,778,745,185</u>	<u>P54,079,660,158</u>
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	<u>2,135,571,400</u>	-	-	-	-	<u>2,135,571,400</u>
Total liabilities	<u>P14,769,212,378</u>	<u>P 668,509,006</u>	<u>P 481,161,635</u>	<u>P 88,249,203</u>	<u>P 1,985,077,765</u>	<u>P17,992,209,987</u>
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.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	(<u>311,750,149</u>)	(<u>431,123,967</u>)	(<u>489,832,848</u>)
Revenues as reported in consolidated profit or loss*	<u>P 8,082,425,263</u>	<u>P 7,085,763,595</u>	<u>P 4,808,181,175</u>

*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:

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

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	P 8,083,186,719
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)
		<u>P8,748,155,409</u>	<u>P 8,607,314,942</u>
Non-current:			
Installment contract receivables		P4,774,002,839	P 2,701,472,523
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
		<u>P5,029,437,719</u>	<u>P 3,220,535,535</u>

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.

	<u>2023</u>	<u>2022</u>
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	<u>2,551,540,292</u>	<u>2,533,573,625</u>
	<u>18,242,124,992</u>	<u>17,115,638,337</u>
Golf and resort shares for sale at NRV:		
At cost	3,000,174,317	2,996,568,569
Allowance for impairment	(<u>88,411,502</u>)	(<u>88,411,502</u>)
	<u>2,911,762,815</u>	<u>2,908,157,067</u>
	<u>P 21,153,887,807</u>	<u>P20,023,795,404</u>

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.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
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		<u>130,609,467</u>	<u>103,897,408</u>
		4,531,120,424	3,967,923,961
Allowance for impairment		(<u>18,716,925</u>)	(<u>18,716,925</u>)
		<u>P4,512,403,499</u>	<u>P3,949,207,036</u>

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:

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

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

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

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

	<u>2023</u>	<u>2022</u>
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	<u>P 538,261,217</u>	<u>P 610,081,427</u>

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:

	<u>2023</u>	<u>2022</u>
Acquisition costs - NPI	<u>P 734,396,528</u>	<u>P 734,396,528</u>
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)	<u>885,098</u>	(<u>235,717</u>)
Balance at end of year	<u>(2,314,195)</u>	<u>(3,199,293)</u>
	<u>P 732,082,333</u>	<u>P 731,197,235</u>

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:

	<u>2023</u>	<u>2022</u>
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:

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

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	P 3,976,438,809	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	<u>6,233,014,505</u>	<u>5,905,702,011</u>	<u>2,667,913,782</u>	<u>2,788,551,904</u>	<u>414,235,866</u>	<u>385,774,223</u>	<u>723,786,379</u>	<u>620,655,135</u>
Total assets	<u>P 12,622,359,260</u>	<u>P 11,495,606,840</u>	<u>P 3,182,545,772</u>	<u>P 3,474,463,138</u>	<u>P 1,386,978,307</u>	<u>P 1,499,198,699</u>	<u>P 1,615,342,311</u>	<u>P 1,420,801,108</u>
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	<u>3,062,873,933</u>	<u>2,452,453,596</u>	<u>241,730,470</u>	<u>276,895,823</u>	<u>218,584,477</u>	<u>145,636,243</u>	<u>165,600,711</u>	<u>130,673,536</u>
Total liabilities	<u>P 4,364,498,478</u>	<u>P 3,483,056,706</u>	<u>P 915,089,792</u>	<u>P 977,701,198</u>	<u>P 404,701,794</u>	<u>P 447,593,499</u>	<u>P 839,119,651</u>	<u>P 674,437,486</u>
Equity attributable to shareholders of the Company	<u>P 4,211,508,999</u>	<u>P 4,086,400,569</u>	<u>P 1,156,402,550</u>	<u>P 1,273,348,094</u>	<u>P 589,365,908</u>	<u>P 630,957,660</u>	<u>P 388,111,330</u>	<u>P 373,181,811</u>
Non-controlling interests	<u>P 4,046,351,783</u>	<u>P 3,926,149,565</u>	<u>P 1,111,053,430</u>	<u>P 1,223,413,846</u>	<u>P 392,910,605</u>	<u>P 420,638,440</u>	<u>P 388,111,330</u>	<u>P 373,181,811</u>
Revenue	<u>P 1,176,718,608</u>	<u>P 1,013,251,779</u>	<u>P 370,649,864</u>	<u>P 279,518,521</u>	<u>P 137,269,827</u>	<u>P 581,427,185</u>	<u>P 490,278,493</u>	<u>P 402,557,151</u>
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	<u>120,202,218</u>	<u>89,356,565</u>	<u>44,021,663</u>	<u>13,961,642</u>	<u>15,746,129</u>	<u>115,265,709</u>	<u>64,906,325</u>	<u>42,219,772</u>
Profit for the year	<u>P 245,310,648</u>	<u>P 182,360,336</u>	<u>P 89,840,129</u>	<u>P 28,493,135</u>	<u>P 39,365,322</u>	<u>P 288,164,273</u>	<u>P 129,812,650</u>	<u>P 84,439,544</u>
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	<u>2,015,466</u>	<u>14,682,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash inflow (outflow)	<u>(P 226,753,201)</u>	<u>(P 664,124,854)</u>	<u>(P 110,880,715)</u>	<u>P 27,183,706</u>	<u>P 16,690,758</u>	<u>P 91,833,010</u>	<u>P 28,408,355</u>	<u>P 4,204,215</u>

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:

	<u>Building and Improvements</u>	<u>Land and Land Development and Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
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	<u>P 5,098,229,436</u>	<u>P 5,415,045,740</u>	<u>P 39,192,350</u>	<u>P 10,552,467,526</u>
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	<u>P 5,252,001,092</u>	<u>P 5,401,792,801</u>	<u>P 51,918,605</u>	<u>P 10,705,712,498</u>
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	<u>P 5,270,724,519</u>	<u>P 5,486,844,996</u>	<u>P 39,461,099</u>	<u>P 10,797,030,614</u>

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

	<u>Building and Improvements</u>	<u>Land and Land Development and Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
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	<u>P 5,098,229,436</u>	<u>P 5,415,045,740</u>	<u>P 39,192,350</u>	<u>P 10,552,467,526</u>
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	<u>P 5,252,001,092</u>	<u>P 5,401,792,801</u>	<u>P 51,918,605</u>	<u>P 10,705,712,498</u>
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	<u>P 5,270,724,519</u>	<u>P 5,486,844,996</u>	<u>P 39,461,099</u>	<u>P 10,797,030,614</u>

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:

		<u>Land</u>	<u>Building</u>	<u>Office Furniture, Fixtures and Equipment</u>	<u>Transportation and Other Equipment</u>	<u>Building and Office Improvements</u>	<u>Total</u>
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		<u>-</u>	<u>(436,786,983)</u>	<u>(299,526,256)</u>	<u>(322,123,817)</u>	<u>(103,928,600)</u>	<u>(1,162,365,656)</u>
Net carrying amount		<u>P 1,600,000</u>	<u>P 728,834,202</u>	<u>P 72,759,690</u>	<u>P 18,654,205</u>	<u>P 57,975,093</u>	<u>P 879,823,190</u>
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		<u>-</u>	<u>(423,169,764)</u>	<u>(270,259,428)</u>	<u>(310,365,078)</u>	<u>(86,298,448)</u>	<u>(1,090,092,718)</u>
Net carrying amount		<u>P 1,600,000</u>	<u>P 742,451,421</u>	<u>P 55,194,723</u>	<u>P 17,847,170</u>	<u>P 66,676,934</u>	<u>P 883,770,248</u>

	<u>Land</u>	<u>Building</u>	<u>Office Furniture, Fixtures and Equipment</u>	<u>Transportation and Other Equipment</u>	<u>Building and Office Improvements</u>	<u>Total</u>
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	<u>P 1,600,000</u>	<u>P 756,147,740</u>	<u>P 52,685,791</u>	<u>P 25,090,473</u>	<u>P 77,011,904</u>	<u>P 912,535,908</u>

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

	<u>Land</u>	<u>Building</u>	<u>Office Furniture, Fixtures and Equipment</u>	<u>Transportation and Other Equipment</u>	<u>Building and Office Improvements</u>	<u>Total</u>
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	<u>P 1,600,000</u>	<u>P 728,834,202</u>	<u>P 72,759,690</u>	<u>P 18,654,205</u>	<u>P 57,975,093</u>	<u>P 879,823,190</u>
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	<u>P 1,600,000</u>	<u>P 742,451,421</u>	<u>P 55,194,723</u>	<u>P 17,847,170</u>	<u>P 66,676,934</u>	<u>P 883,770,248</u>
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	<u>P 1,600,000</u>	<u>P 756,147,740</u>	<u>P 52,685,791</u>	<u>P 25,090,473</u>	<u>P 77,011,904</u>	<u>P 912,535,908</u>

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.

	<u>Number of right-of-use assets leased</u>	<u>Range of remaining term</u>	<u>Average remaining lease term</u>	<u>Number of leases with extension options</u>	<u>Number of leases with termination options</u>
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.

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

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:

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

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		<u>P 410,360,748</u>	<u>P 442,785,021</u>

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	<u>P 38,660,181</u>	<u>P 33,270,522</u>	<u>P 2,553,431</u>	<u>P 803,587</u>	<u>P 1,772,177</u>	<u>P 333,300,850</u>	<u>P 410,360,748</u>
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	<u>P 34,166,129</u>	<u>P 38,894,687</u>	<u>P 31,294,160</u>	<u>P 2,553,431</u>	<u>P 803,587</u>	<u>P 335,073,027</u>	<u>P 442,785,021</u>

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
		<u>P 166,060,109</u>	<u>P 148,190,871</u>

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, 2023 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
	<u>P9,494,069,589</u>	<u>P7,605,669,500</u>

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:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
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
		<u>P4,578,282,611</u>	<u>P4,064,589,034</u>

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
		<u>P 495,027,399</u>	<u>P 513,118,898</u>

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	
	<u>P 6,508,829,115</u>	<u>P 567,165,206</u>	<u>P 551,559,805</u>	<u>P 7,627,554,126</u>	
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	
	<u>P 6,508,829,115</u>	<u>P 567,165,206</u>	<u>P 551,559,805</u>	<u>P 7,627,554,126</u>	
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	
	<u>P 5,899,854,122</u>	<u>P 420,470,075</u>	<u>P 455,961,990</u>	<u>P 6,776,286,187</u>	
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	
	<u>P 5,899,854,122</u>	<u>P 420,470,075</u>	<u>P 455,961,990</u>	<u>P 6,776,286,187</u>	

	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	<u>1,368,922,270</u>	<u>24,665,788</u>	<u>26,732,397</u>	<u>1,420,320,455</u>
	<u>P 3,717,314,154</u>	<u>P 145,950,403</u>	<u>P 408,929,904</u>	<u>P 4,272,194,461</u>
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
	<u>P 3,717,314,154</u>	<u>P 145,950,403</u>	<u>P 408,929,904</u>	<u>P 4,272,194,461</u>

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	<u>1,805,263,926</u>	<u>1,062,583,443</u>
	<u>P5,807,264,015</u>	<u>P 4,501,242,737</u>

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	P 3,147,300,186
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	<u>P5,807,264,015</u>	<u>P4,501,242,737</u>

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	<u>446,497,334</u>	<u>310,926,830</u>
	<u>P 925,812,859</u>	<u>P 906,489,506</u>

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

	<u>2023</u>	<u>2022</u>
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	<u>P 925,812,859</u>	<u>P 906,489,506</u>

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.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
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	<u>P 494,720,240</u>	<u>P 396,898,739</u>

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:

	<u>2023</u>	<u>2022</u>
Within a year	P 2,026,435,981	P 2,088,123,553
More than one year to three years	1,268,761,166	2,165,197,092
More than three years to five years	<u>365,612,460</u>	<u>251,385,826</u>
	<u>P 3,660,809,607</u>	<u>P 4,504,706,471</u>

20. FINANCE INCOME AND FINANCE COSTS

20.1 Finance and Other Income

Presented below are the details of this account.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
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
		<u>P 447,540,825</u>	<u>P 346,907,590</u>	<u>P 433,968,542</u>

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.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
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
		<u>P 370,058,121</u>	<u>P 392,312,495</u>	<u>P 221,106,628</u>

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
		<u>P 5,036,965,721</u>	<u>P 4,148,613,854</u>	<u>P 3,093,278,382</u>

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		<u>1,574,589,050</u>	<u>1,492,773,638</u>	<u>1,044,689,038</u>
		<u>P 5,036,965,721</u>	<u>P 4,148,613,854</u>	<u>P 3,093,278,382</u>

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	<u>P 2,798,985,876</u>	<u>P 2,144,625,053</u>	<u>P 1,628,491,489</u>

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	<u>P 365,948,174</u>	<u>P 319,643,144</u>	<u>P 344,233,070</u>

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
	<u>P 297,442,621</u>	<u>P 191,572,019</u>	<u>P 75,864,785</u>

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	<u>11,329,603</u>	<u>31,651,094</u>	<u>39,161,744</u>
	21	<u>P 713,866,818</u>	<u>P 584,395,469</u>	<u>P 497,878,971</u>

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	<u>240,109</u>	<u>(807,217)</u>
Balance at end of year	<u>P 142,618,469</u>	<u>P 111,012,219</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
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)	-
	<u>P 19,822,626</u>	<u>P 37,330,704</u>	<u>P 43,860,113</u>
<i>Reported in other comprehensive loss (income) –</i>			
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)	-
	<u>P 11,783,624</u>	<u>(P 51,891,084)</u>	<u>(P 34,002,912)</u>

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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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*

	<u>Impact on Retirement Benefit Obligation</u>		
	<u>Change in Assumptions</u>	<u>Increase in Assumptions</u>	<u>Decrease in Assumptions</u>
<u>December 31, 2023</u>			
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)
<u>December 31, 2022</u>			
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:

	<u>2023</u>	<u>2022</u>
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	<u>374,520,328</u>	<u>360,931,366</u>
	<u>P 586,064,095</u>	<u>P 529,919,398</u>

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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
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	<u>-</u>	<u>-</u>	<u>(16,004,614)</u>
	<u>227,289,170</u>	<u>151,795,037</u>	<u>172,192,299</u>
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	<u>-</u>	<u>-</u>	<u>(345,936,587)</u>
	<u>594,123,620</u>	<u>551,008,578</u>	<u>4,844,060</u>
	<u>P 821,412,790</u>	<u>P 702,803,615</u>	<u>P 177,036,359</u>
<i>Reported in other comprehensive income (loss):</i>			
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	<u>-</u>	<u>-</u>	<u>(544,890)</u>
	<u>P 2,945,906</u>	<u>(P 12,972,771)</u>	<u>(P 9,045,618)</u>

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.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>-</u>	<u>-</u>	<u>(361,941,201)</u>
Tax expense	<u>P 821,412,790</u>	<u>P 702,803,615</u>	<u>P 177,036,359</u>

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

	<u>2023</u>	<u>2022</u>
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	<u>2,096,050</u>	<u>7,020,949</u>
	<u>3,526,099,537</u>	<u>2,898,717,457</u>
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)
	<u>(239,042,678)</u>	<u>(232,950,957)</u>
	<u>P 3,287,056,859</u>	<u>P 2,665,766,500</u>

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:

	<u>2023</u>	<u>2022</u>
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	<u>881,255</u>	<u>-</u>
	<u>P 69,564,217</u>	<u>P 58,429,484</u>
Deferred tax liabilities:		
Unrealized gross profit on real estate sales	(41,415)	(41,418)
Leases	<u>-</u>	<u>(8,731,959)</u>
	<u>(41,415)</u>	<u>(8,773,377)</u>
	<u>P 69,522,802</u>	<u>P 49,656,107</u>

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	<u>P 594,123,620</u>	<u>P 551,008,578</u>	<u>P 4,844,060</u>	<u>P 2,945,906</u>	<u>(P 12,972,771)</u>	<u>(P 9,045,618)</u>

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
	<u>P 263,883,391</u>	<u>(P 11,836,636)</u>	<u>P -</u>	<u>P 252,046,755</u>	

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, *Bayaniban 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)	-	
	<u>P 288,829</u>	<u>P -</u>	<u>(P 24,017)</u>	<u>P 264,812</u>	

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	<u>116,507</u>	<u>288,829</u>
	<u>P 96,862,209</u>	<u>P 11,495,446</u>

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			Outstanding Balances	
		2023	2022	2021	2023	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.

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>2,617,250</u>	<u>42,147</u>	<u>4,376,944</u>
Balance at end of year	<u>P 23,839,944</u>	<u>P 21,243,698</u>	<u>P 22,381,181</u>
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	<u>55,099,182</u>	<u>48,212,336</u>	<u>-</u>
Balance at end of year	<u>P 544,018,187</u>	<u>P 651,704,974</u>	<u>P 691,760,243</u>

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.

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>9,586,218</u>	<u>1,800,209</u>	<u>9,639,114</u>
Balance at end of year	<u>P 609,973,328</u>	<u>P 691,896,693</u>	<u>P 742,486,481</u>
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	<u>17,558,165</u>	<u>88,426,531</u>	<u>-</u>
Balance at end of year	<u>P 82,182,400</u>	<u>P 159,553,961</u>	<u>P 108,045,377</u>

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	<u>6,165,067</u>	<u>4,968,242</u>	<u>4,057,868</u>
		<u>P 35,002,598</u>	<u>P 32,518,864</u>	<u>P 27,070,337</u>

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:

	<u>Shares</u>	<u>Amount</u>
Common shares – P1 par value		
Authorized	<u>20,000,000,000</u>	<u>P20,000,000,000</u>
Issued and outstanding		
Balance at end of year	<u>10,986,000,000</u>	<u>P10,986,000,000</u>

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 prices 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 data 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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>10,986,000,000</u>	<u>10,986,000,000</u>	<u>10,986,000,000</u>
	<u>P 0.168</u>	<u>P 0.163</u>	<u>P 0.119</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>11,008,602,740</u>	<u>11,036,000,001</u>	<u>11,086,000,002</u>
	<u>P 0.167</u>	<u>P 0.162</u>	<u>P 0.118</u>

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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>1,753,519,332</u>	<u>1,959,264,168</u>	<u>2,496,909,268</u>
	<u>P 3,354,961,481</u>	<u>P 3,758,519,415</u>	<u>P 4,774,326,656</u>

The undiscounted maturity analysis of finance lease receivable at December 31, 2023 and 2022 is as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
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	<u>P 2,017,326</u>	<u>P 2,873,035</u>	<u>P 1,874,097</u>	<u>(P 71, 550)</u>	<u>P 678,275</u>	<u>P309,760,661</u>	<u>P 317,131,844</u>
December 31, 2022							
[As restated – See Note 2.1 (e)]							
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	<u>P 54,343,612</u>	<u>P 59,437,853</u>	<u>P 64,966,838</u>	<u>P 1,874,097</u>	<u>(P 71,550)</u>	<u>P310,438,935</u>	<u>P 490,989,785</u>

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
		<u>P22,041,726,557</u>	<u>P19,549,362,619</u>

(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:

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
<u>2023</u>			
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	<u>367,481,088</u>	<u>438,674,951</u>	<u>46,407,031</u>
	<u>P17,252,226,457</u>	<u>P 29,716,011,710</u>	<u>P 46,407,031</u>
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	<u>603,395,500</u>	<u>444,491,404</u>	<u>165,049,174</u>
	<u>P14,406,989,669</u>	<u>P 22,686,557,187</u>	<u>P 165,049,174</u>

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.

	<u>2023</u>	<u>2022</u>
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	<u>538,500,621</u>	<u>369,678,088</u>
	<u>P12,163,672,881</u>	<u>P10,326,155,124</u>

(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
	<u>P 2,927,678,731</u>	<u>P 5,011,108,193</u>	<u>P 8,686,740,085</u>	<u>P 1,836,333,687</u>
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
	<u>P 2,655,929,408</u>	<u>P 4,690,954,610</u>	<u>P 5,856,394,308</u>	<u>P 2,811,167,851</u>

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	
	Notes	Carrying Values	Fair Values	[As Restated – see Note 2.1(c)] 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
		<u>P 16,234,462,542</u>	<u>P 16,879,536,832</u>	<u>P 15,048,119,881</u>	<u>P 15,386,689,892</u>
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
		<u>P 16,118,362,028</u>	<u>P 15,246,530,340</u>	<u>P 13,851,127,786</u>	<u>P 13,193,696,660</u>

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.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
	<u>P2,126,242,354</u>	<u>P -</u>	<u>P14,753,294,478</u>	<u>P16,879,536,832</u>
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
	<u>P -</u>	<u>P -</u>	<u>P15,246,530,340</u>	<u>P15,246,530,340</u>

	Level 1	Level 2	Level 3	Total
<u>2022:</u>				
<u>[As Restated – see Note 2.1(c)]</u>				
<i>Financial Assets:</i>				
Cash and cash equivalents	P 2,354,706,901	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
	<u>P 2,354,706,901</u>	<u>P -</u>	<u>P 13,031,982,991</u>	<u>P 15,386,689,892</u>
<i>Financial Liabilities:</i>				
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
	<u>P -</u>	<u>P -</u>	<u>P 13,193,696,660</u>	<u>P 13,193,696,660</u>

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:

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

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	<u>P 9,494,069,589</u>	<u>P 692,155,728</u>	<u>P 410,360,748</u>	<u>P 10,596,586,065</u>
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	<u>P 7,605,669,500</u>	<u>P 851,450,654</u>	<u>P 442,785,021</u>	<u>P 8,899,905,175</u>
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	<u>P 7,492,924,404</u>	<u>P 850,531,858</u>	<u>P 471,942,785</u>	<u>P 8,815,399,047</u>

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

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

T +63 2 8988 2288

**The Board of Directors and Stockholders
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

Report of Independent Auditors on Supplementary Schedules Filed Separately
from the Basic Financial Statements

(1) Supplementary Schedules to Financial Statements
(Annex 68-J, Revised SRC Rule 68)

Schedule

A	Financial Assets (Marketable Securities)	n/a
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	2
D	Long-Term Debt	3
E	Indebtedness to Related Parties	4
F	Guarantees of Securities of Other Issuers	n/a
G	Capital Stock	5

(2) Reconciliation of Retained Earnings Available for Dividend Declaration

(3) Map Showing the Relationship Between and Among Related Parties

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	<u>159,553,961</u>	<u>82,182,400</u>
TOTAL	<u>P 851,450,654</u>	<u>P 692,155,728</u>

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

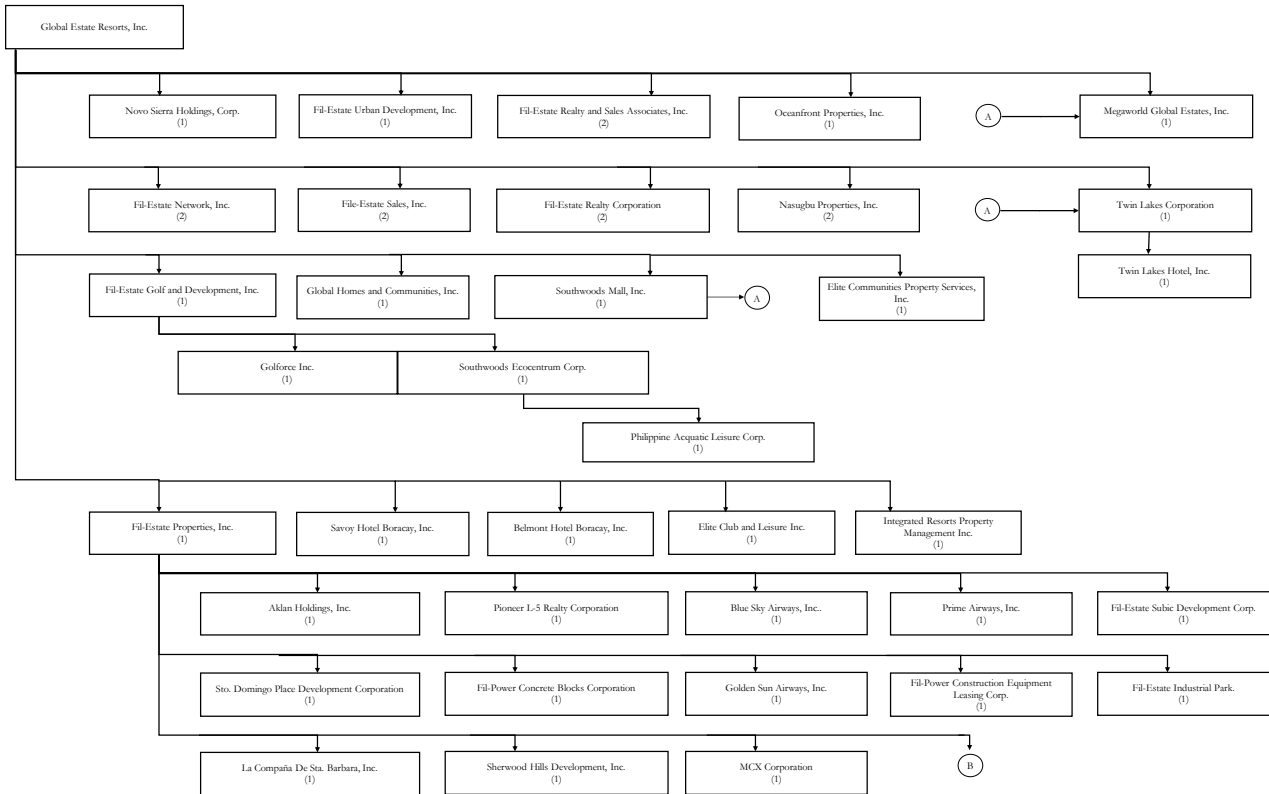
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding under Related Balance Sheet Caption	Number or Shares Held By		
			Related Parties (Parent, Affiliates)	Directors, Officers and Employees	Others
Common Shares	20,000,000,000	10,986,000,000	9,043,850,659	2,722,654	1,939,426,687

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 straight-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	<u>10,265,455,818</u>

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 Megaworld Corporation
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 <i>(attributable to Parent Company's shareholders)</i>	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	

COVER SHEET

A	S	O	9	4	0	0	4	4	6	2
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S.E.C. Registration Number

G	L	O	B	A	L	-	E	S	T	A	T	E	R	E	S	O	R	T	S	,	I	N	C	.				

(Company's Full Name)

9	T	H		F	L	O	O	R		E	A	S	T	W	O	O	D		G	L	O	B	A	L		P	L	A	Z	A
P	A	L	M		T	R	E	E		A	V	E	N	U	E		B	A	G	U	M	B	A	Y	A	N				
1	1	1	0		Q	U	E	Z	O	N		C	I	T	Y															

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

LAILANI V. VILLANUEVA												328-4374											
Contact Person												Company Telephone Number											

1	2	SEC FORM 17-Q										0	6	2	7		
Month		Day		(for the quarter ended 31 March 2024)										Month		Day	
Calendar Year				FORM TYPE										annual meeting			
														Secondary License Type, If Applicable			

Dept. Requiring this Doc.												Amended Articles Number/ Section											

Total Amount of Borrowings																							
Domestic												Foreign											

To be accomplished by SEC Personnel concerned

File Number												LCU											
Dociment I.D.												Cashier											

STAMPS																							
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SEC Number **AS094004462**
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)

(632) 5328-4370 to 78
(Tel. No.)

December 31, 2024
(Calendar Year Ending)

SEC FORM 17-Q (1st QUARTER)
(Form Type)

March 31, 2024
(Period ended date)

REGISTERED AND LISTED
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended: **March 31, 2024**
 2. Commission identification number.....: **AS094004462**
 3. BIR Tax Identification No.....: **000-426-523-V**
 4. Exact name of issuer as specified in its charter

GLOBAL-ESTATE RESORTS, INC.

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

6. Industry Classification Code: (SEC Use Only)

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

8. Issuer's telephone number, including area code
Tel. No. (632) 5328-4370 to 78

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
Number of shares of common stock outstanding
and amount of debt outstanding

Title of each class

Common stock

10,986,000,000

Loans payable

₱ 9,097,255,863

Bonds payable

₱ -

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

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange (PSE)

Common stock

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached Annex A-1 for the Consolidated Statements of Financial Position as of March 31, 2024 and December 31, 2023; Annex A-2 for the Consolidated Statements of Comprehensive Income for the three-month period ended March 31, 2024 and March 31, 2023; Annex A-3 for Consolidated Statements of Changes in Stockholders' Equity for the three-month period ended March 31, 2024 and March 31, 2023; Annex A-4 for the Consolidated Statements of Cash Flows for the three-month period ended March 31, 2024 and March 31, 2023 and Annex A-5 for the Aging of Receivables for the 1st Quarter ended March 31, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Refer to attached Analysis of Operations.

PART II--OTHER INFORMATION

Not Applicable.

SIGNATURES

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

Principal Financial/Accounting Officer/
Controller/Authorized Representative:

Ms. Lailani V. Villanueva

.....
Title : Chief Financial Officer

.....
Signature :



.....
Date : May 14, 2024
.....

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE 1st QUARTER ENDED March 31, 2024

REVIEW OF RESULTS OF OPERATIONS

(Comparing balances for the 3-month period ended March 31, 2024 and 3-month period ended March 31, 2023)

Consolidated revenues for the three-month period ended March 31, 2024 amounted to Php2.1 billion. The Company's real estate sale of Php1.6 billion came mainly from sale of lots in Sta. Barbara Heights in Iloilo City, Twin Lakes Domaine Le Jardin and Lucerne at Domaine Le Jardin in Laurel, Batangas, Pahara at Manila Southwoods, Alabang West in Daang Hari, Las Piñas, Eastland Heights in Antipolo, Rizal, The Lindgren in Trece Martires, Cavite City 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 Manila Southwoods and Vineyard Residences, Belvedere and The Manor in Twin Lakes, Tagaytay. Hotel revenues increased by 41% from Php142.9 million as of March 31, 2023 to Php201.6 million as of March 31, 2024 mainly due to the continued rise of local tourism and travel. Rental income increased by 4% from Php123.4 million as of March 31, 2023 to Php128.7 million as of March 31, 2024 due to increase in occupancy of retail spaces. Balance of revenues was contributed by marketing fees of Php1.9 million, finance and other income of Php144.5 million, and Php53.1 million service income.

Cost and expenses posted an increase of Php40.1 million or 3% mainly due to increase in cost of hotel operations, cost of rentals and services, operating expenses and finance cost and other charges.

The company posted a Php596.5 million Net Income or 5% increase for the period ended March 31, 2024, as compared to a Php565.8 million net income realized as of March 31, 2023.

Major Movements of Income Statement Accounts are as follows:

(Increase/ decrease of 5% or more versus March 31, 2023)

- 41% Increase in Hotel revenues – due to continued rise of local tourism and travel.
- 52% Increase in Service income – due to higher service income for the period.
- 75% Decrease in Marketing fees – due to decrease in marketing income from sale of joint venture partners' inventory.
- 80% Increase in Finance and other income – due to increase in interest income on real estate sales.
- 16% Increase in Cost of rentals and services – mainly directly related to the increase in service income.
- 18% Increase in Cost of hotel operations – mainly related to the increase in hotel revenue.
- 7% Increase in Operating expenses – mainly due to increase in expenses directly related to increase in revenue from hotel operations and other administrative expenses.
- 21% Increase in Finance cost and other charges – mainly due to increase in other finance charges.
- 7% Decrease in Income tax expense – due to decrease of taxable income.

REVIEW OF FINANCIAL CONDITION

The Group's financial position remained stable. Total assets as of March 31, 2024, Php62.2 billion compared to Php61.7 billion as of December 31, 2023, posted an increase of Php469.5 million. Cash and cash equivalents decreased by 30% due to payment to contractors and suppliers for ongoing development of various projects and partial payment of interest-bearing loans, from Php2.1 billion as of December 2023 to Php1.5 billion as of March 2024. Contract assets increased by 10%, from Php5.8 billion as of December 2023 to Php6.4 billion as of March 2024 due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection. Right-of-use asset decreased by 11%, from Php86.0 million as of December 2023 to Php76.7 million as of March 2024 due to amortization for the period.

Contract liabilities increased by 14% from Php925.8 million as of December 2023 to Php1.1 billion as of March 2024 due to increase of sales from uncompleted projects with lower percentage of completion than percentage of collection. Advances from related parties decreased by 5% from Php692.2 million as of December 2023 to Php654.8 million as of March 2024 due to payments made to related parties. Other non-current liabilities increased from Php495.0 million as of December 2023 to Php519.9 million as of March 2024 or 5% due to increase in retention payable.

Shareholders' Equity increased from Php39.9 billion as of December 2023 to Php40.5 billion as of March 2024 mainly due to the income generated for the period.

Major movements of Balance Sheet Accounts are as follows:

- 30% Decrease in Cash and Cash equivalents – due to payment to contractors and suppliers for ongoing development of various projects and partial payment of interest-bearing loans.
- 10% Increase in Contract assets – due to additional sales from uncompleted projects with higher percentage of completion than percentage of collection.
- 11% Decrease in Right-of-use asset – due to amortization for the period.
- 14% Increase in Contract liabilities – due to increase of sales from uncompleted projects with lower percentage of completion than percentage of collection.
- 5% Decrease in Advances from related parties – due to payments made to related parties.
- 5% Increase in Other non-current liabilities – due to increase in retention payable.

KEY PERFORMANCE INDICATORS

LIQUIDITY RATIOS

	March 31, 2024	December 31, 2023
Current Ratio	4.88	4.87
Quick Assets Ratio	1.89	1.83

Current Ratio (Current Assets/ Current Liabilities)

Liquidity ratio measures a company's ability to pay short-term obligations.

Quick Assets Ratio (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

	March 31, 2024	December 31, 2023
Debt to Total Assets	35%	35%
Equity to Total Assets	65%	65%
Debt to Equity	53%	54%
Asset to Equity	1.53	1.54

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.

PROFITABILITY RATIOS

	March 31, 2024	March 31, 2023
Return on Equity	1.60%	1.48%
Return on Assets	0.96%	0.98%
Earnings per Share	₱ 0.0493	₱ 0.0436

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.

ACTIVITY RATIO

	March 31, 2024	March 31, 2023
Asset Turnover	2.59%	2.91%

Asset Turnover (Sales/ Total Assets)

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

INTEREST COVERAGE RATIO

	March 31, 2024	March 31, 2023
Interest Coverage	5.62	7.18

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 1st quarter ended March 31, 2024, there are no:

- Known trend, demands, commitments, events or uncertainties that would have a material impact on the liquidity of the Company.
- Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- 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.
- Significant elements of income or loss that did not arise from the Company's continuing operations.
- Causes for any material changes from period to period in one or more line items of the Company's financial operations.
- Seasonal aspects that had a material effect on the financial condition or results of the operations.
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE 1st QUARTER ENDED March 31, 2024

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 March 31, 2024 and December 31, 2023, 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 Compañia 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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements as of and for the year ended December 31, 2023, except for the application of amendments to standards that became effective on January 1, 2024 (see note 2.2).

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

These interim unaudited condensed consolidated financial statements for the three months ended March 31, 2024 and 2023 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. These do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2023. The interim unaudited condensed consolidated financial statements have been prepared using the measurement bases specified by the Philippine Financial Reporting Standards (PFRS), including the Group's availment of several financial reporting reliefs granted by the SEC relating to the implementation issues of PFRS 15, under Memorandum circular (MC) No. 14-2018, MC No. 3-2019 and MC No. 4-2020.

(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, *Amendment 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.

- (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.

(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.

(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.

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.

Reposessed 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 reposessed 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.

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.

(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.

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 avilment 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).

(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.

(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 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.

Based on management's assessment as at March 31, 2024 and December 31, 2023, 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.

(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 March 31, 2024 and December 31, 2023 will be fully utilized within the prescribed period of availment.

(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 quarter ended March 31, 2024 and December 31, 2023.

(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.

4. Segment revenue and segment results for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting.

The following table present revenue and income information for the 1st quarter ended March 31, 2024 and March 31, 2023.

March 31, 2024*(Amount in thousands)*

	Sales of Real Estate	Hotel Operations	Rentals and Services	Total
Revenue	₱1,611,706	₱201,571	₱181,798	₱1,995,075
Cost	763,069	88,071	90,537	941,677
Gross profit	₱ 848,637	₱113,500	₱ 91,261	₱1,053,398

March 31, 2023*(Amount in thousands)*

	Sales of Real Estate	Hotel Operations	Rentals and Services	Total
Revenue	₱1,681,468	₱142,874	₱158,436	₱1,982,778
Cost	775,252	74,365	78,140	927,757
Gross profit	₱ 906,216	₱ 68,509	₱ 80,296	₱1,055,021

5. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period.
There have been no material events that happened subsequent to the interim period that need disclosure herein.
6. Effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operation.
Not applicable.
7. Changes in contingent liabilities or contingent assets since the last annual balance sheet date
The Company is a party to certain lawsuits or claims arising from the ordinary course of business and from several of its joint venture agreements. The Group's management and legal counsels 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.
8. Existence of material contingencies and any other events or transactions that are material to an understanding of current interim period.
There have been no material contingencies and any other events or transactions that are material to an understanding of current interim period.
10. Any events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
There have been no events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.

11. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There have been no material off-balance sheet transactions and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

12. Dividends paid separately for ordinary shares and other shares

Not applicable.

13. Seasonality or cyclicity of interim operations

Not applicable

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

Not applicable

15. Issuances, repurchases, and repayments of debt and equity securities

There have been no issuance, repurchase and repayment of debt and equity securities for the period.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise of cash, short-term bank deposits and investments.

Exposures to credit and liquidity risk arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

1. To identify and monitor such risks on an ongoing basis;
2. To minimize and mitigate such risks; and
3. To provide a degree of certainty about costs.

Credit Risk

The investment of the Group's cash resources is managed so as to minimize risk while seeking to enhance yield. The Group's holding of cash and marketable securities expose the Group to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations, and the Group consequently suffers financial loss. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing. The treasury policy sets aggregate credit limits of any one counterparty and annually reviews the exposure limits and credit ratings of the counterparties. The Group has credit management policies in place to ensure that rental contracts are entered into with customers who have sufficient financial capacity and good credit history.

Sales to buyers of real estate which are collectible on installment are relatively risk-free. Sales to real estate buyers are documented under Contract to Sell agreements which allow cancellation of the sale and forfeiture of payments made in the event of default by buyers. Transfer of title is made to buyers only upon full payment of the account.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

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.

Interest Rate Risk

The Group has no significant exposure to interest rate risk as some financial assets and liabilities are fixed-interest bearing.

Foreign Exchange Risk

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

Management assessed that the foreign currency risks related to these U.S. dollar-denominated cash and cash equivalents to be not material.

CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

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

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:

(Figures in thousands)

	<u>March 2024</u>	<u>December 2023</u>
Total Liabilities	P 21,621,987	P 21,756,304
Total Equity	<u>40,546,082</u>	<u>39,942,227</u>
Debt-to-equity ratio	<u>0.53:1</u>	<u>0.54:1</u>

CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial assets and liabilities.

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

Figures in thousands

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Values</u>	<u>Values</u>	<u>Values</u>	<u>Values</u>
Financial assets				
Financial assets at amortized cost:				
Cash and cash equivalents	P 1,482,537	P 1,482,537	P 2,126,242	P 2,126,242
Trade and other receivables - net	12,478,269	12,478,269	12,114,217	12,759,291
Advances to real property owner	1,342,356	1,342,356	1,336,867	1,336,867
Advances to related parties	592,526	592,526	567,858	567,858
Refundable deposits	89,004	89,004	89,278	89,278
	<u>P 15,984,692</u>	<u>P 15,984,692</u>	<u>P 16,234,462</u>	<u>P 16,879,536</u>
Financial liabilities				
Financial liabilities at amortized cost:				
Interest bearing loans and borrowings	P 9,097,256	P 9,097,256	P 9,494,070	P 8,622,238
Trade and other payables	4,243,831	4,243,831	4,241,086	4,241,086
Advances from related parties	654,780	654,780	692,156	692,156
Due to joint venture partners	495,439	495,439	493,246	493,246
Retention Payable	763,385	763,385	746,185	746,185
Lease liabilities	407,862	407,862	410,361	410,361
	<u>P 15,662,553</u>	<u>P 15,662,553</u>	<u>P 16,077,104</u>	<u>P 15,205,272</u>

See notes to financial statements 2.5 and 2.10 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in page 28. The Group does not actively engage in the trading of financial assets for speculative purposes.

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2024

(Amount in Thousands)

Annex A-1

	Unaudited As of March 31, 2024	Audited As of December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and Cash equivalents	P 1,482,537 P	2,126,242
Trade and other receivables - net	9,042,372	8,748,155
Contract assets	5,088,697	4,002,000
Advances to real property owners	49,158	43,536
Advances to related parties	592,526	567,858
Inventories - net	21,260,142	21,153,888
Prepayments and other current assets - net	4,543,413	4,512,404
Total Current Assets	42,058,845	41,154,083
NON-CURRENT ASSETS		
Trade and other receivables - net	5,104,377	5,029,438
Contract assets	1,322,414	1,805,264
Advances to real estate property owners	1,293,198	1,293,331
Investment in associates - net	732,082	732,082
Investment Properties - net	10,514,530	10,552,468
Property and equipment - net	878,474	879,823
Right-of-use asset	76,711	85,982
Other non-current assets	187,438	166,060
Total Non-current Assets	20,109,224	20,544,448
TOTAL ASSETS	P 62,168,069 P	61,698,531
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Interest bearing loans and borrowings	P 1,502,545 P	1,527,430
Trade and other payables	4,580,054	4,578,283
Contract liabilities	675,691	479,315
Due to joint venture partners	495,439	493,246
Customer's deposit	672,019	646,053
Advances from related parties	654,780	692,156
Lease Liabilities	38,469	38,660
Total Current Liabilities	8,618,997	8,455,143
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	7,594,711	7,966,639
Contract liabilities	379,287	446,497
Customer's deposit	607,073	591,621
Deferred tax liabilities-net	3,390,977	3,287,057
Retirement benefit obligation	141,686	142,619
Lease Liabilities	369,393	371,701
Other non-current liabilities	519,863	495,027
Total Non-current Liabilities	13,002,990	13,301,161
Total Liabilities	21,621,987	21,756,304
EQUITY		
Equity attributable to parent company's shareholder	34,088,894	33,539,491
Non-controlling interest	6,457,188	6,402,736
Total Equity	40,546,082	39,942,227
TOTAL LIABILITIES AND EQUITY	P 62,168,069 P	61,698,531

GLOBAL-ESTATE RESORT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1Q2024 VS. 1Q2023
(Amount in Thousands)

Annex A-2

	Unaudited 1Q 2024 Jan - Mar		Unaudited 1Q 2023 Jan - Mar	
REVENUES				
Real estate sales	P	1,611,706	P	1,681,468
Rental income		128,715		123,419
Hotel operations		201,571		142,874
Service income		53,083		35,017
Marketing fees		1,921		7,532
Finance and other income		144,463		80,372
		<u>2,141,459</u>		<u>2,070,682</u>
COST AND EXPENSES				
Real estate sales		763,069		775,252
Cost of rentals and services		90,537		78,140
Cost of hotel operations		88,071		74,365
Operating expenses		336,478		313,597
Finance costs and other charges		101,121		83,780
Income tax expense		165,692		179,774
		<u>1,544,968</u>		<u>1,504,908</u>
Net Profit (Loss)		596,491		565,774
Other Comprehensive Income (Loss)				
Revaluation reserve		-		-
Total Comprehensive Income (Loss)		<u>596,491</u>		<u>565,774</u>
Net profit (loss) attributable to:				
Parent Company's shareholder		542,039		479,134
Non-controlling interest		54,452		86,640
		<u>596,491</u>		<u>565,774</u>
Total Comprehensive Income(loss) attributable to:				
Parent Company's shareholders		542,039		479,134
Non-controlling interest		54,452		86,640
	P	<u>596,491</u>	P	<u>565,774</u>
Earnings per share		0.0493		0.0436

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amount in Thousands)

Annex A -3

	As of March 31, 2024		As of March 31, 2023	
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY				
CAPITAL STOCK	P	10,986,000	P	10,986,000
ADDITIONAL PAID IN CAPITAL		4,747,739		4,747,739
REVALUATION RESERVE		70,030		71,504
RETAINED EARNINGS		18,285,125		16,489,307
		34,088,894		32,294,550
MINORITY INTEREST		6,457,188		6,398,992
TOTAL STOCKHOLDERS' EQUITY	P	40,546,082	P	38,693,542

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
(Amounts in Thousands)

Annex A-4

	As of March 31, 2024	As of March 31, 2023
Net Income before tax	P 762,183 P	745,547
Add(less)		
Finance cost	12,617	7,542
Depreciation and amortization	80,728	78,186
Finance income	(22,661)	(16,036)
Operating Income(loss) before working capital changes	832,867	815,239
Net Changes in Operating Assets and Liabilities		
Decrease(Increase) current and non current asset	(1,235,932)	(1,532,068)
(Decrease)Increase current and non current liabilities	291,574	461,656
Cash paid for income taxes	0	(2,621)
Interest paid	(44,387)	(4,594)
Cash from(used in) Operating Activities	(155,878)	(262,388)
Cash from(used in) Investing Activities	(50,708)	(80,871)
Cash from (used in) Financing Activities	(437,119)	(407,973)
Net Increase (decrease) in cash and cash equivalent	(643,705)	(751,232)
Cash and cash equivalent at the beginning of the year	2,126,242	2,354,707
Cash and cash equivalent at the end of the period	P 1,482,537 P	1,603,475

GLOBAL-ESTATE RESORTS, INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE

As of March 31, 2024

(Amounts in Thousands)

Annex A-5

Aging of Accounts Receivable

	TOTAL	CURRENT/NOT YET DUE	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year
Type of receivables:						
a. Trade/Other Receivable	14,146,749	12,563,949	310,804	249,496	520,984	501,516
Net Receivable	14,146,749					