CR03447-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) 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

EMPIRE EAST LAND HOLDINGS, INC.

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

4. SEC Identification Number

AS094-006430

5. BIR Tax Identification Code

003-942-108

6. Address of principal office

2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City

Postal Code

1604

7. Registrant's telephone number, including area code

(632) 85544800

8. Date, time and place of the meeting of security holders

21 June 2022, 9:00 a.m. by livestream access via http://empire-east.com/asm2022

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 24, 2022

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

Not applicable

Address and Telephone No.

Not applicable

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 and Amount of Debt Outstanding
Common	14,676,199,167

13. Are any or all of registrant's securities listed on a Stock Exchange?

☑ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The shares of common stock of the Company are listed on the Philippine Stock Exchange.

Empire East

Empire East Land Holdings, Inc.
ELI

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jun 21, 2022
Type (Annual or Special)	Annual
Time	9:00 a.m.
Venue	by livestream access via http://empire-east.com/asm2022
Record Date	May 24, 2022

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
None

Filed on behalf by:

Name	Dennis Edano
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-1S
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter **EMPIRE EAST LAND HOLDINGS, INC.**

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **AS094-006430**

5. BIR Tax Identification Code **003-942-108**

6. **2F Tower 2, Kasara Urban Resort**
   Residences, P. Antonio St.
   Barangay Ugong, Pasig City **1604**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 85544800**

8. **21 June 2022, 9:00 a.m.**
   by livestream access via http://empire-east.com/asm2022
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **24 May 2021**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

    Yes [X] **No [ ]**

    The shares of common stock of the Company are listed on the Philippine Stock Exchange.

Empire East

2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City 1604

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS
Empire East Land Holdings, Inc.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Empire East Land Holdings, Inc. (the "Company") will be held on **21 June 2022** at **9:00 AM**, to be conducted virtually, through the link <http://empire-east.com/asm2022> that can be accessed through the Company's website, with the following agenda:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of Minutes of the Previous Annual Meeting
4. Annual Report of Management
5. Appointment of External Auditors
6. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
7. Election of Directors
8. Other Matters
9. Adjournment

Stockholders of record as of **24 May 2022** will be entitled to notice of, and to vote at, the Annual Meeting.

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 **06 June 2022** until 5:00 PM of **09 June 2022**. The procedure for participation via remote communication and in *absentia* are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 PM of **09 June 2022,** to the Office of the Corporate Secretary at 2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City, or by email to corporatesecretary@empire-east.com. Validation of proxies shall be held on 11 June 2022. A sample proxy form will be enclosed in the Information Statement for your convenience.

Taguig City, Philippines, May 19, 2022.

DENNIS E. EDAÑO
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. **Call to Order**

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

2. **Proof of Notice and Determination of Quorum**

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify that a quorum exists, and the Stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allows voting *in absentia* by the stockholders, Stockholders may register by submitting requirements via email at corporatesecretary@empire-east.com and vote *in absentia* on the matters for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2022 ASM for complete information on remote participation or voting in absentia, as well as on how to join the live stream for the 2022 ASM.

3. **Approval of Minutes of the Previous Annual Meeting**

The minutes of the meeting held on 08 June 2021 are available at the Company's website, www.empire-east.com.

4. **Annual Report of Management**

The performance of the Company in 2021 and the outlook for 2022 will be reported.

5. **Appointment of External Auditors**

The election of the external auditor for the ensuing year as well as its proposed remuneration 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 of the accuracy of its financial statements.

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

The actions of the Board and its committees were those taken from the annual stockholders' meeting on 08 June 2021 until 20 June 2022. They include the approval of the amended Articles of Incorporation and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

7. **Election of Directors**

Nominees for the election of seven (7) members of the Board of Directors, including two (2) independent directors, will be submitted for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

8. **Other Matters**

Other concerns or matters raised by stockholders will be discussed.

9. **Adjournment**

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

SAMPLE PROXY
EMPIRE EAST LAND HOLDINGS, INC.
2022 STOCKHOLDERS' MEETING

I/WE hereby name and appoint,____, or in his absence, the Chairman of the meeting, as my/our proxy at the annual stockholders' meeting of **EMPIRE EAST LAND HOLDINGS, INC.** ("Empire East") to be held on 21 June 2022 and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of Empire East, which appointment shall not exceed five (5) years from date hereof.

In particular, I hereby direct my said proxy to vote all my shares on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

Items No.	**Subject**	**Action**		
		For	**Against**	**Abstain**
3.	Approval of Minutes of the Previous Annual Meeting			
5.	Appointment of External Auditors			
6.	Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management			
7.	Election of Directors			
	a. Andrew L. Tan			
	b. Anthony Charlemagne C. Yu			
	c. Cresencio P. Aquino			
	d. Enrique Santos L. Sy			
	e. Sergio R. Ortiz-Luis, Jr.			
	f. Kevin Andrew L. Tan			
	g. Evelyn G. Cacho			
FULL DISCRETION				

____________________________________ ________________________________

PRINTED NAME OF STOCKHOLDER AUTHORIZED SIGNATORY

THIS PROXY SHOULD BE SUBMITTED UNTIL 5:00 PM OF 09 June 2022, TO THE OFFICE OF THE CORPORATE SECRETARY AT 2F TOWER 2, KASARA URBAN RESORT RESIDENCES, P. ANTONIO ST., BARANGAY UGONG, PASIG CITY OR BY EMAIL TO CORPORATESECRETARY@EMPIRE-EAST.COM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE 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. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THIS PROXY DOES NOT NEED TO BE NOTARIZED.
(Partnerships, Corporations and Associations must attach certified resolutions designating their proxies/representatives and authorized signatories)

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date of meeting	:	21 June 2022
Time of meeting	:	9:00 a.m
Place of meeting	:	To be conducted virtually by livestream access via http://empire-east.com/asm2022
Approximate distribution date of this statement	:	24 May 2022[1]
Complete mailing address of the principal office of the registrant	:	2F Tower 2, Kasara Urban Resort Residences P. Antonio St., Barangay Ugong, Pasig City 1604

The Company is not soliciting proxies. We are not asking you for a proxy. Neither are you required to send us a proxy.

Dissenters' Right of Appraisal

There is no proposed corporate action or matter that will grant appraisal rights pursuant to the Revised Corporation Code of the Philippines to dissenting stockholders.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; 2) in case the corporation decides to invest its funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; 3) in case of a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and 4) in case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making 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. **A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.** Failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the

[1] Pursuant to SEC Notice dated 20 April 2020, digital copies of the Information Statement, Management Report, Annual Report, and other relevant documents will be made available at the Company's website: http://empire-east.com/asm2022 and through the PSE Edge.

vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If the fair value is not determined, within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). 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 is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

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

No director or officer of the Company, or any nominee for election as a director of the Company, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than an election to office.

No director of the Company has informed it in writing that he intends to oppose any action to be taken by the Company at the annual meeting of stockholders.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

Number of Shares Outstanding

As of 31 March 2022, the Company has 14,676,199,167 outstanding shares of common stock. Each common share shall be entitled to one (1) vote.

Record Date of Meeting

All owners on record of the Company’s common shares as of 24 May 2022 will be entitled to notice of, and to vote at, the annual meeting of stockholders.

Manner of Voting

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, stockholders may now participate in the 2022 ASM 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 09 June 2022. A stockholder voting remotely or in absentia shall be deemed present for purposes of quorum. Please refer to Annex “A” on the Procedures and Requirements for Voting and Participation in the 2022 ASM for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the 2022 ASM.

Cumulative Voting Rights

Each common share entitles the person in whose name it is registered in the books of the Company to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. Each holder of common stock shall have cumulative voting rights with respect to the election of the members of the board of directors 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. The Company is not soliciting any proxy or any discretionary authority to cumulate votes.

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares of Common Stock as of March 31, 2022

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 11th Avenue cor. 36 Street, Uptown Bonifacio, Taguig City	Megaworld Corporation[2]	Filipino	11,994,426,438	81.7271%
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	The shares registered in the name of PCD Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients.	Filipino	1,965,294,997[3]	13.3910%

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

[2] The Chairman of the Board and President of MEG, Mr. Andrew L. Tan, is also Chairman of Company. The Board of Directors of MEG has voting and investment power over shares of stock held by MEG in the Company. MEG authorizes its Chairman, or in his absence, the Chairman of the Meeting, to vote shares of stock held in the Company.

[3] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

Security Ownership of Management as of March 31, 2022

Title of Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors				
Common	Andrew L. Tan	24,277,777 (direct)	Filipino	0.165422%
		11,994,426,438[4] (indirect)	Filipino	81.727062%
		138,133,820[5] (indirect)	Filipino	0.941210%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne C. Yu	1 (direct)	Filipino	0.000000%
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	0.000000%
Common	Enrique Santos L. Sy	11,892 (direct)	Filipino	0.000081%
Common	Evelyn G. Cacho	35,240 (direct)	Filipino	0.000240%
Common	Alejo L. Villanueva, Jr.	1 (direct)	Filipino	0.000000%
President and Four Most Highly Compensated Officers				
Common	Anthony Charlemagne C. Yu	Same as above		
Common	Ricky S. Libago	0	Filipino	n/a
Common	Evelyn G. Cacho	Same as above		
Common	Jhoanna Lyndelou T. Llaga	0	Filipino	n/a
Other Executive Officers				
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Franemil T. Ramos	0	Filipino	n/a
Common	Kim Camille B. Manansala	0	Filipino	n/a
Common	Dennis E. Edaño	0	Filipino	n/a
Common	Celeste Z. Sioson-Bumatay	0	Filipino	n/a
Common	All directors and executive officers as a group	24,324,913 (direct)	Filipino	0.170079%

Voting Trust Holders of 5% or More

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

Directors and Executive Officers

There are seven (7) members of the Company's Board of Directors, two (2) of whom are independent directors. All incumbent directors were elected during the annual meeting of stockholders held on 08 June 2021, and will hold office for one (1) year and/or until their successors are elected and qualified.

Information concerning the background of the directors and executive officers of the Company is provided on pages 24 to 29 of the Company's Annual Report to Stockholders.

[4] The shares are held by Megaworld Corporation, and it had authorized Andrew L. Tan, in his capacity as Chairman of the Board and President, or in his absence the Chairman of the Meeting, to vote Megaworld's common shares in the Company.
[5] The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.

Procedure for Nomination and Election of Independent Directors

Pursuant to Article II, Section 2 of the Company's By-Laws, the nomination and election of independent directors shall be conducted in accordance with SRC Rule 38.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.

2. The Nomination Committee shall pre-screen the nominees and prepare a final list of candidates.

3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.

4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.

6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.

7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

Nominees

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee, composed of Cresencio P. Aquino as Chairman, Enrique Santos L. Sy, and Alejo L. Villanueva, Jr. as members, accepts nominees to the Board of Directors, including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees and candidates for members of the Board of Directors:

1. Andrew L. Tan
2. Anthony Charlemagne C. Yu
3. Enrique Santos L. Sy
4. Evelyn G. Cacho
5. Kevin Andrew L. Tan
6. Cresencio P. Aquino – Independent Director
7. Sergio R. Ortiz-Luis, Jr. – Independent Director

Independent Directors

This year's nominees for directors include two persons who qualify as independent directors. Mr. Carmelo Jose J. Canto III nominated incumbent independent director, Mr. Cresencio P. Aquino, for another term, while Ms. Maria Rosario Justo nominated Mr. Sergio R. Ortiz-Luis, Jr. as an incoming Independent Director. Ms. Justo and Messrs. Canto, Aquino and Ortiz-Luis are not related by consanguinity or affinity up to the fourth civil degree.

Sergio R. Ortiz-Luis, Jr.
Nominee Independent Director

Mr. Ortiz-Luis, Jr., 79 years old, Filipino. He is the President and CEO of the Philippine Exporters Confederation, Inc. (PHILEXPORT), Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry, President of Employers Confederation of the Philippines and Vice Chairman of Export Development Council. He is a Director of Waterfront Philippines, Inc., Philippine Estate Corporation, B.A. Securities and Manila Exposition Complex, Inc. He is also an Independent Director of Alliance Global Group, Inc., MREIT, Inc., Forum Pacific, Inc. Corporation and Calapan Ventures, Inc.

Disagreements 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 stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman Andrew L. Tan and Mr. Kevin Andrew L. Tan, both directors of the Company, are father and son, respectively.

Material Pending Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as director, or executive officer being 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, and the judgment has not been reversed, suspended, or vacated.

Related Transactions

In 2021, total commissions earned by a subsidiary from the sale of its Parent Company's real estate properties amounted to P45.1 million.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements, and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. The related parties that have entered into transactions with the Company are identified in Schedules C & F of the SEC Supplementary Schedules as of 31 December 2021. Related parties are able to settle their obligations in connection with transactions with the Company. The Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in Note 25 of the Notes to the Audited Consolidated Financial Statements of the Company attached as Exhibit 1 hereof and incorporated herein by reference.

Other than those disclosed in the Company's Audited Consolidated Financial Statements, the Company has not entered into other related party transactions.

Compensation of Directors and Executive Officers

Compensation of Certain Officers

The total annual compensation paid to the President/CEO and the four most highly compensated executive officers of the Company amounted to Php39,451,208 and Php33,267,783 in 2021 and 2020, respectively. The projected total annual compensation of the named executive officers for 2022 is Php44,295,329.

Compensation of Directors

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. In 2021, the Company paid a total of Php825,000 for directors' per diem and has allocated the same amount for 2022.

Name of Directors	Year	Salary	Total Annual Director's Per Diem
Andrew L. Tan		Per diem	
Cresencio P. Aquino		Per diem	
Anthony Charlemagne C. Yu		Per diem	
Kevin Andrew L. Tan		Per diem	
Enrique Santos L. Sy		Per diem	
Evelyn G. Cacho		Per diem	
Alejo L. Villanueva		Per diem	
Total Annual Director's Per Diem	2020		725,000
	2021		825,000
	2022		825,000

Apart from directors' per diem, there are no other arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

Summary of Compensation Table

The following table identifies the President and the four most highly compensated officers of the Company and summarizes their aggregate compensation in 2020 and 2021 and estimated aggregate compensation for 2022:

Name and Principal Position	Year	Salary	Others Variable Pay	Total Annual Compensation
Anthony Charlemagne C. Yu President & CEO				
Ricky S. Libago Executive Vice President				
Evelyn G. Cacho Senior Vice President				
Ricardo B. Gregorio FVP for General and Administrative Services*				
Jhoanna Lyndelou T. Llaga FVP for Marketing				
President and 4 Most Highly Compensated Officers	2020	29,188,932	4,078,851	33,267,783
	2021	34,548,891	4,902,317	39,451,208
	2022	36,276,336	8,018,993	44,295,329
All Other Officers and Directors as a Group	2020	41,613,820	4,833,032	46,446,852
	2021	37,350,424	4,684,220	42,034,644
	2022	39,217,945	4,866,328	44,084,273

*Note: * Retired on March 31, 2022. The position of FVP for General and Administrative Services has yet to be filled. He ceded to be part of the four most highly compensated officers together with the President.*

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

Executive officers are appointed by the Board of Directors to their respective offices. Certain executive officers are employees of the Company and are entitled to standard employee benefits extended by the Company to the employees.

Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants or options in respect of the Company's shares that are held by the Company's CEO, or any director or executive officer of the Company.

Independent Public Accountants

The Board of Directors of the Company, in consultation with the Audit Committee, composed of Alejo L. Villanueva, Jr., as Chairman and Cresencio P. Aquino and Evelyn G. Cacho as Members, will recommend to the stockholders the engagement of Punongbayan & Araullo as external auditors of the Company for 2022.

The Company complied with SRC Rule 68, as prescribed by the Code of Ethics for Professional Accountants as adopted by the Board of Accountancy and the Professional Regulation Commission, and the Company's Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the engagement partner changed after seven (7) years of engagement. A five-year cooling-off period shall be observed in the re-engagement of the same engagement partner. In this regard, starting the year ending 31 December 2016, Mr. Renan A. Piamonte, one of the Audit and Assurance Partners of Punongbayan and Araullo (P&A), was designated as the engagement partner for the audit of the Company's financial statements. Mr. Nelson Dinio, also one of the Audit and Assurance Partners of P&A, handled the audit of the Company's financial statements for the past five years from 2011 to 2015.

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.

Representatives of Punongbayan & Araullo are expected to be present at the annual meeting of stockholders. 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.

Corporate Governance

<u>Compliance with Leading Practices on Corporate Governance</u>

Pursuant to the Company's corporate governance manual, its Board created each of the following committees and appointed board members thereto.

Audit Committee

The Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight of financial management functions, pre-approving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors. On 3 October 2012, the Board approved the Audit Committee Charter which provides for the purpose, membership, structure, operations, duties and responsibilities of the Audit Committee. The Company's Audit Committee has three members, two of whom are independent directors. An independent director serves as the head of the committee, the members of the Audit Committee are Alejo L. Villanueva, Jr., Chairman, Cresencio P. Aquino and Evelyn G. Cacho, members.

Corporate Governance Committee

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It also oversees the implementation, review and periodic evaluation of the corporate governance framework It also recommends continuing relevant education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance, as well as establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers. It is also responsible for determining the nomination and election process for the Company's directors and the general profile of board members and ensures that this process is conducted in accordance with qualifications prescribed by Philippine law and the Company's Manual on Corporate Governance, the members of the Corporate Governance Committee are Cresencio P. Aquino, Chairman, Alejo L. Villanueva, Jr. and Enrique Santos L. Sy, members.

Board Risk Oversight Committee

The Board Risk Oversight Committee is responsible for the development, evaluation, and oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. It also advises the Board on its risk appetite levels and risk tolerance limits, and reviews the company's risk appetite levels and risk tolerance limits based on changes and developments in the business. The Company's Board Risk Oversight Committee consists of three members, including at least one independent director, the members of the Board Risk Oversight Committee are Alejo L. Villanueva, Jr., Chairman, Cresencio P. Aquino and Enrique Santos L. Sy, members.

Related Party Transaction Committee

The Related Party Transaction Committee is responsible for reviewing all material related party transactions of the company. This Committee shall evaluate on an ongoing basis the existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured, and evaluate all material RPTs to ensure that these are not undertaken on more favourable economic terms The Company's Related Party Transaction Committee consists of three members, including at least one independent director, the members of the Board Risk Oversight Committee are Cresencio P. Aquino, Chairman, Alejo L. Villanueva and Enrique Santos L. Sy, members.

Evaluation System

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system, patterned after the Corporate Governance Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

Deviations from Manual and Sanctions Imposed

In 2022, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its provisions. No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance

Plan to Improve Corporate Governance

Pursuant to SEC Memorandum Circular No. 6, Series of 2009 and as further amended by SEC Memorandum Circular No.9, Series of 2014, the Company revised its Manual of Corporate Governance to make the same compliant with the Revised Code of Corporate Governance. The Company has also updated its Manual of Corporate Governance to comply with SEC Memorandum Circular No. 19, Series of 2016 and will continue to adopt best practices in Corporate Governance as may be prescribed by the Commission.

Financial Information

Consolidated Audited Financial Statements of the Company and its subsidiaries as of 31 December 2021 and 2020, the Interim Financial Statements of the Company as of 31 March 2022, and the Management's Discussion and Analysis of Results of Operations and Financial Condition for the corresponding periods are contained in the Company's Annual Report to Stockholders and are incorporated herein by reference.

Action with Respect to Reports

The minutes of the annual meeting of stockholders held on 08 June 2021 will be submitted to the Company's stockholders for approval. The minutes will refer to the adoption of stockholders' resolutions pertaining to, among others, the following matters:

1. Approval of Minutes of the Previous Annual Meeting
2. Appointment of External Auditors
3. Amendment of the Third Article of the Amended Articles of Incorporation
4. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
5. Election of Directors

The approval or disapproval of said 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.

Other Proposed Action

The stockholders will be asked to ratify all acts and resolutions of the Board of Directors, Board Committees and Management adopted during the period covering 08 June 2021 through 20 June 2022.

These acts are covered by resolutions duly adopted by the Board of Directors and its Board Committees, such as:

1. Appointment of Contract Signatories
2. Appointment of Proxies and Nominees
3. Application for Permits and Licenses for Projects
4. Operation of Bank Accounts and other Bank Transactions
5. Development and Operation of Projects
6. Property Acquisitions, Dispositions, Leases and Joint Ventures
7. Holding of 2021 Annual Meeting of Stockholders
8. Registration of Master Deeds and Restrictions covering Projects
9. Application for, and renewal of, corporate permits, licenses and accreditations

Voting Procedures

Vote Required

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be at least two (2) independent directors in the Company's board of directors.

Method of Counting of Votes

Each common share entitles the person in whose name it is registered in the books of the Company to one vote with respect to all matters to be taken up during the annual meeting of stockholders. In the election of directors, each holder of common share 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, 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.

There will be seven (7) persons to be elected to the Company's board of directors, including two (2) independent directors. In the event that the number of nominees to the board of directors should exceed the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors will not exceed the number of board seats, voting will be done by a show of hands. Election inspectors duly appointed for the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditors.

Stockholders may cast their votes by remote communication or in *absentia,* or by proxy. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum. Please refer to Annex "A" on the Procedures and Requirements for Voting and Participation in the 2022 ASM for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the 2022 ASM.

The Company shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to Empire East Land Holdings, Inc., Attention: The Corporate Secretary, 2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City 1604

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 the City of Taguig City on May 20, 2022.

EMPIRE EAST LAND HOLDINGS, INC.

By:

EVELYN G. CACHO
Senior Vice President

ANNUAL REPORT TO STOCKHOLDERS

Business Development

Empire East Land Holdings, Inc. (the "Company") was incorporated under Philippine law on 15 July 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly, Megaworld Properties & Holdings, Inc.) (Megaworld) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now the Company for the purpose of separating its high-end residential and office business from its lower and middle-income housing business. As of 31 December 2021, Megaworld holds 81.7% of the Company.

As of 31 December 2021, the Company holds 100% equity interest in Eastwood Property Holdings, Inc. (EPHI); Valle Verde Properties, Inc. ("VVPI"); Sherman Oak Holdings, Inc. ("SOHI") Empire East Communities, Inc. ("EECI") and 20th Century Nylon Shirt Co., Inc. (20th Century); 72.5% in Laguna BelAir Science School, Inc. (LBASSI); 60% in Sonoma Premier Land, Inc. ("SPLI") (formerly, "Galleria Corsini Holdings, Inc."); 47% in Gilmore Property Marketing Associates, Inc. ("GPMAI") and 40% in Pacific Coast Megacity Inc. (PCMI).

EPHI, which was incorporated on 05 September 1996, serves as the marketing arm of the Company and markets the projects of the Company and those of other related parties.

VVPI was incorporated on 13 October 2006. In 2008, the Company acquired shares of VVPI from another stockholder increasing the Company's ownership in VVPI to 100%.

SPLI was incorporated on 26 February 2007 and started its commercial operations in 2008. In 2008, 200 million shares in SPLI were acquired by the Company, increasing its ownership to 60% from 20%.

EECI was incorporated on 14 October 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on 02 February 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on 05 September 1996 to acquire, lease, and construct or dispose of properties. In 2010, the Company acquired 52% ownership in GPMAI by subscribing to 27 million shares by way of conversion of advances into equity. In 2012, GPMAI issued 5 million shares of stock to a third party which resulted in the decrease of the Company's ownership to 47%.

LBASSI (formerly Laguna Bel Air School Inc. or LBASI) is a company incorporated on 13 February 1996 and is presently operating a school for primary and secondary education. The change in name was approved in August 2013. The Company owns 72.5% of LBASSI.

20th Century was incorporated in 1952. On January 24, 2003, the SEC approved the extension of the Company's life for another 50 years from the date of renewal. In February 2015, the company acquired 100% ownership interest in 20th Century,

PCMI was incorporated in 2012. In 2015 the Company acquired 20% ownership interest. Subsequently in 2018, the Company obtained de facto control over PCMI. In 2019, it acquired an additional 20% increase in its ownership interest to 40%.

Neither the Company nor its subsidiaries (collectively the "Group") have been the subject of a bankruptcy, receivership, or similar proceeding or has been involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business except as otherwise stated herein.

General Nature and Scope of Business

Empire East Land Holdings, Inc. (the Company) is engaged in property development focusing on residential projects such as mid-to-high-rise condominiums and single-detached houses and lots, targeting the broad middle-income housing market as well as the upscale and upper middle segments.

The Company is at the forefront of developing mid-cost properties that remain to appeal to the Filipino homebuyers and investors. Over the last 27 years, it has remarkably left an indelible footprint in the urban landscapes of Makati, Mandaluyong, San Juan, Pasig, Quezon City, and the City of Manila in the National Capital Region, and even in progressive areas such as Santa Rosa City, Laguna in the South, and Cainta, Rizal in the East.

Its communities are now home to more than 120,000 residents who have enjoyed the lifestyle concepts and innovations it showcased. The Company was the pioneer in the “township model” when it integrated the “live, work and play” elements in its flagship project, Laguna Bel-Air. Instead of only having American-style houses, the community is filled with retail shops, a school, a parish church, and clubhouse amenities. This same model is envisioned at Empire East Highland City in Pasig-Cainta, the Company’s largest development to date, where high-rise residential buildings will be integrated with a lifestyle mall, a sprawling park with a church, and a five-star sports club.

The Asian financial meltdown in 1997 has tested the Company to become an innovative developer and game-changer. Trending concepts and breakthrough marketing strategies were introduced during this economic crisis, including the “micro city” condominium complexes, the “no down payment and zero interest” schemes, and the loft-type condo units, that other residential developers have followed through up to present.

Transit-Oriented Developments (TOD) and Urban Resort Communities have become the signature concepts of the Company in the recent years, solidifying its market leadership and capturing its share of the end-users’ market as well as Oversees Filipinos. The exponential growth of the investors’ market, both locally and from abroad, has been evident in the past year, even in the middle of the pandemic. The close proximity of the Company’s developments to major Central Business Districts (CBD) and accessibility to existing mass transport systems and upcoming infrastructure projects, have further strengthened the leasing and resale potential of these properties.

Update on Projects

Empire East Highland City is an elevated sustainable township at the boundary of Pasig City in Metro Manila and Cainta in Rizal. Rising in a prime 22.8-hectare property along Felix Avenue, it easily connects to the major thoroughfares of Marcos Highway and Ortigas Avenue Extension. Its future residents can enjoy mobility and accessibility because of the development’s close proximity to the newly opened Marikina Station of the LRT Line 2 East Extension and the upcoming Cainta Junction Station of the MRT Line 4 which will also connect to the Metro Manila Subway.

An 8,000-square meter sprawling Highland Park will welcome residents and visitors in the township’s frontage at Felix Avenue, hosting lush greeneries, water elements, expansive walking paths, a 500-seater church, and retail shops. Grand Spanish steps in this elevated park will lead up to the luxurious Highland Mall, which will have 58,000 square meters of gross leasable area intended for restaurants, boutique shops, supermarkets, cinemas and other lifestyle essentials.

On the quiet and much elevated side of the “luxurious uphill community” is the 37-tower condominium complex called Highland Residences, where there will be wide 4-to-6-lane roads, bike lanes and tree-lined sidewalks. It is centered by an exclusive 6,700-square meter recreation hub named The Chartered Club, where future club member-residents can enjoy top-rate leisure amenities and sports facilities.

The township’s first residential phase, Arcadia, received an overwhelming reception by homebuyers and investors, with Towers 1 and 2 nearly sold out, prompting the Company to open Tower 3 for pre-selling. Efficiently designed condominium units ranging from 21.38 sq.m. to 46.50 sq.m., with layout options of executive studios, 1-bedroom and 2-bedroom suites, are currently offered to the market.

The Paddington Place is a testament of the Company's continuous leadership in the Transit-Oriented Development (TOD) lifestyle concept. This 4-tower high-rise condominium at Shaw Boulevard, Mandaluyong City, is just a few steps away from the MRT-3 Shaw Boulevard Station along EDSA and the Ortigas CBD.

Its first two podium levels will host a community mall dubbed as "The Pad" that will provide daily essentials for the future residents. Recreational amenities such a 25-meter lap pool, kiddie pool, indoor play area, fitness gym, function room and terraced gardens can be enjoyed at the 7th and 8th levels.

Each tower rises up to 45 levels, delighting homeowners with spectacular views of the Ortigas and Makati skylines, Wack-Wack Golf Course and Greenhills area. The project's strategic and highly accessible location provides a strong leasing potential, evident with numerous investors who purchased space-efficient residential units ranging from executive studios, 1-bedroom, 2-bedroom and penthouse suites, ranging from 21.32 sq.m. up to 95.46 sq.m. The development also attracted first-time homebuyers and clients searching for secondary transient homes.

Inventory of Towers 1, 2 and 4 has been fast moving. The Company has also commenced the full-swing construction in this 8,816-square meter development, where the first residential tower is expected to be completed by 2025.

Mango Tree Residences is a two-tower on-stilts green development, fittingly named because of the decades-old mango trees around its 3,000-square meter land. Located at the highly elevated and rolling terrains of M. Paterno and Ledesma Streets in San Juan City, it is close to the premier schools and shopping hubs in the Greenhills area, and has an easy access to several shortcuts via N. Domingo Street and Santolan Road leading to other key cities such as Quezon City, Manila, Pasig, Mandaluyong and the Makati CBD. It will also be near the future stations of the proposed MRT Line 4.

To maintain the development's quiet and exclusive ambiance, the ground level will have open spaces created by strong stilts structures, creating room for landscaped gardens, a grand drop-off area, al fresco lounge and recreational amenity areas. Its masterplan maintains low density at all levels, with only 9 to 12 suites per floor at typical levels, and only 6 units at the penthouse level.

Buyers can choose from spacious homes ranging from 1-bedroom, 2-bedroom up to penthouse suites, while special units at the 7th level come with their own patios. Full-swing construction is under way for both the 38-level West Residences and the 34-level East Residences.

Covent Garden is strategically located along Santol Street Extension adjacent to Magsaysay Boulevard in the bustling Santa Mesa, Manila. Commuting residents can easily walk to the nearby V. Mapa Station of LRT Line 2, which connects to LRT Line 1 and MRT Line 3, while those driving their private vehicles can easily access the Metro Skyway Stage 3 Extension and other efficient road networks.

The 5,036-square meter property is intelligently maximized through the masterplan of a juxtaposed structural development for its two towers. Open spaces and recreation areas can be enjoyed by the residents at an elevated level, while condo units at all levels provide an unobstructed view of the urban skyline.

South Residences has been recently completed and turnover of units to homebuyers is on-going, while construction of North Residences is in full swing. There is a limited inventory left for the executive studios, 1-to-2-bedroom suites, and bi-level units being offered to the market.

Kasara Urban Resort Residences is a luxurious six-tower resort community in the heart of Pasig City, just a stone's throw away from the C5 Road, Valle Verde exclusive subdivisions, and the Ortigas CBD. This 1.8-hectare residential enclave is bounded by Eagle and P. E. Antonio Streets in Ugong, Pasig City, with nearby upcoming major infrastructure projects to benefit its residents, such as the MRT Line 4 and Metro Manila Subway.

Approximately 60% of the property is dedicated to open spaces and five-star resort amenities which include a lake-inspired swimming pool, kiddie pool, waterfalls, bubblers, koi pond, multi-purpose open court, landscaped gardens, outdoor play area, fitness gym, jogging trails, and a clubhouse with a function hall and bar area.

Homebuyers and investors can opt to reserve an executive studio, 1-to-2-bedroom suite, or a bi-level penthouse, where selected units come with their own patios or balconies, ranging from 22.20 sq.m. up to 144 sq.m. The entire project is nearly sold out, with Towers 1 and 2 already turned over and construction of Towers 3 to 6 is ongoing.

The Rochester is a 3-hectare mid-rise urban resort community with an architectural design that exudes a homey Asian Modern vibe. This 7-tower development along Elisco Road in San Joaquin, Pasig City, is only more than a kilometer away from the vital intersection of C5 Road and Kalayaan Avenue, giving residents an unbeatable accessibility to the Bonifacio Global City, as well as other CBDs like Makati, Ortigas and Eastwood.

The first six towers, Garden Villa 1, Garden Villa 2, Breeze Tower, Parklane Tower, Palmridge Tower and Hillcrest Tower, have been sold out and are now ready-for-occupancy. Its residents are currently enjoying resort-type amenities and facilities such as the clubhouse with lounge and bar, 25-meter lap pool, kiddie pool, multi-purpose open court, children’s playground, fitness gym and pocket gardens.

Its final tower, the 18-level Bridgeview Tower, is nearing completion with a few units left on its inventory. Configurations for a 1-bedroom suite, 2-bedroom suite with balcony and 3-bedroom suite with balcony, ranging from 24.30 sq.m. to 58 sq.m., have been commonly offered in all towers, while three towers have special bi-level suites up to 93 sq.m.

Pioneer Woodlands is one of Metro Manila’s highly coveted TOD addresses due to its direct link to the MRT Line 3 Boni Avenue Station. This six-tower community’s strategic location along EDSA corner Pioneer Street in Mandaluyong City provides its residents with premium mobility and accessibility to the “Big 3” CBDs of Makati, Ortigas and Bonifacio Global City.

Investors and property seekers can choose among executive studios, 1-bedroom up to 2-bedroom suites, with selected units having their own patios or balconies. Recreational amenities can now be enjoyed by the residents at the 5th level of the development. Towers 1 to 5 are now sold out and have been turned over, while Tower 6 with few units left is nearing completion.

Little Baguio Terraces is a four-tower mid-to-high-rise condominium community located at N. Domingo Street and Aurora Boulevard in San Juan City, walking distance away from the Gilmore and J. Ruiz Stations of LRT Line 2.

Rising from 15 up to 24 levels, Towers 1 to 4 offered a typical 30 sq.m. 2-bedroom unit, which are now completely sold out, while Tower 1 provided options for combined units, providing a more spacious 60 sqm 3-bedroom unit. Residents currently utilize their recreational amenities at the podium level.

San Lorenzo Place is a luxurious high-rise development at the prime corner of EDSA and Chino Roces Avenue in Makati City, physically linked to the Magallanes Station of MRT Line 3. Its bi-level San Lorenzo Place Mall provides the basic daily essentials for its residents. Aside from its connection to MRT-3, it also hosts a transport hub for point-to-point buses and other public utility vehicles with numerous routes and destinations.

High-end recreational amenities are located at the 6th level, including a clubhouse, swimming pool, multi-purpose open court, children’s playground, pocket gardens, jogging paths, fitness gym, function room, and daycare center. Offered units range from 1-bedroom up to 3-bedroom combined units. All 4 towers were completed and sold out.

The Cambridge Village is an 8-hectare mid-rise condominium community along East Bank Road in Pasig-Cainta area that pioneered the “micro city” development concept. Commercial establishments, a nursery, a parish church and a recreational zone are incorporated within this sprawling neighborhood.

Its 37 residential towers, that rise from 6 to 10 levels, have been all constructed and are now almost sold out. It featured flexible studios, loft-type homes and 2-bedroom units.

The Sonoma is a 50-hectare horizontal development in Santa Rosa City, Laguna, that features single-detached homes with Asian Modern architectural design. It has a central recreation zone where residents can experience world-class leisure in its high-end amenities such as a clubhouse, function halls, swimming pools and basketball court.

In the entrance of the development is a commercial strip named 1433 West Row that will soon host restaurants, shops and other establishments. The lots in the four residential phases, The Enclave, The Country Club, The Pavilion and The Esplanade, are now nearly sold out.

South Science Park is a 58-hectare mixed-use development located in Gimalas, Balayan, Batangas in the Southern Luzon region.

Market Price of and Dividends on Common Equity

The Company’s common shares are traded on the Philippine Stock Exchange (“PSE”). The following table sets out, for the periods indicated, the high and low sales price for the Company’s common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020	High	0.43	0.32	0.35	0.35
	Low	0.20	0.24	0.24	0.26
2021	High	0.35	0.33	0.32	0.29
	Low	0.27	0.26	0.27	0.25
2022	High	0.26			
	Low	0.22			
5/17/22	Close	0.22			

Holders

As of 31 March 2022, there were 12,356 holders of the Company’s common shares. The following table sets forth the 20 largest shareholders of the Company as of 31 March 2022.

Rank	Name of Holder	Number of Shares	Percentage of Ownership
1.	Megaworld Corporation	11,994,426,438[6]	81.7271%
2.	PCD Nominee Corporation (Filipino)	1,965,294,997	13.3910%
3.	PCD Nominee Corporation (Non-Filipino)	252,735,135	1.7221%
4.	The Andresons Group, Inc.	149,692,820	1.0200%
5,	Alliance Global Group, Inc.	56,000,000	0.3816%
6.	Andrew L. Tan	24,277,777	0.1654%
7.	Simon Lee Sui Hee	16,685,206	0.1137%
8.	Ramon Uy Ong	14,950,000	0.1019%
9.	Lucio W. Yan	10,350,000	0.0705%
10.	Alberto Mendoza and/or Jeanie C. Mendoza	4,444,106	0.0303%

[6] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

11.	Evangeline R. Abdullah	4,324,000	0.0295%
12.	George T. Yang	3,675,400	0.0250%
13.	Zheng Chang Hua	3,220,000	0.0219%
14.	Tiong C. Rosario	3,138,791	0.0214%
15.	Maximino S. Uy &/or Lim Hue Hua	3,105,000	0.0212%
16.	Trans-Asia Securities, Inc.	3,000,000	0.0204%
17.	Luisa Co Li	2,902,908	0.0198%
18.	Edward N. Cheok	2,875,000	0.0196%
19.	Aboitiz Equity Ventures, Inc.	2,813,843	0.0192%
20.	Maximino S. Uy	2,357,500	0.0161%

The information provided above is not being presented in connection with securities to be issued pursuant to an acquisition, business combination or other reorganization initiated by or involving the Company.

Dividends

The payment of dividends, either in the form of cash or stock, will depend upon the Company's or any of its subsidiaries' earnings, cash flow, and financial condition, among other factors. The Company or any of its subsidiaries' may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings, with its capital unimpaired, that is not appropriated for any other purpose.

The Company or any of its subsidiaries 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 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 (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

Neither stock nor cash dividends were declared on the Company's or any of its subsidiaries' common shares from 2007 to 2021. The Company declared a 15% stock dividend on 15 March 2006, which was paid on 08 August 2006 to all shares of common stock outstanding as of 13 July 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (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 Company or any of its subsidiaries have not established a specific dividend payout policy.

Recent Sales of Unregistered or Exempt Securities

On 26 June 2013, 1,200,000,000 common shares of the capital stock of the Company were issued to Megaworld Corporation, at the price of Php1.05 per share for an aggregate subscription price of Php1,260,000,000.00.

Relative to the subscription of Megaworld Corporation, the Company filed on 05 July 2013 with the SEC a Notice of Exempt Transaction under Section 10.1(e) of the SRC.

Directors and Executive Officers

There are seven (7) members of the Company's Board of Directors, two of whom are independent directors. An independent director is a person who, apart from his fees and shareholdings, is 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 (SRC Rule 38). All directors were elected during the annual meeting of stockholders held on 08 June 2021 for a term of one year and until their successors are elected and qualified.

Information concerning the background of the directors/nominees for directors and executive officers of the Company indicating their principal occupation or employment and their business or professional experience for the past five (5) years is provided below.

The table sets forth each member of the Company's Board of Directors and the Company's executive officers as of 31 March 2022.

Name	Present Position
Andrew L. Tan……………………	Chairman of the Board
Anthony Charlemagne C. Yu…...	Director/President/CEO
Cresencio P. Aquino…………….	Lead Independent Director
Alejo L. Villanueva, Jr.…………..	Independent Director
Evelyn G. Cacho…………………	Director/Senior Vice President/ Corporate Information Officer/ Compliance Officer
Enrique Santos L. Sy……………	Director
Kevin Andrew L. Tan……………	Director
Ricky S. Libago………………….	Executive Vice President
Jhoanna Lyndelou T. Llaga……	First Vice President for Marketing
Dennis E. Edaño……………….	Corporate Secretary/Vice President for Legal and Corporate Affairs
Celeste Z. Sioson………………	Assistant Corporate Secretary/Vice President for Credit and Collection
Franemil T. Ramos……………..	Vice President for Management Information System
Amiel Victor A. Asuncion………	Senior Assistant Vice President for Human Resources Department
Kim Camille B. Manansala…….	Assistant Vice President for Audit and Management Services
Giovanni C. Ng………………….	Treasurer

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business or professional experience for the past five (5) years.

Andrew L. Tan
Chairman of the Board

Mr. Tan, 72 years old, Filipino, has served as Chairman of the Company's Board of Directors since its incorporation in July 1994. He was also Treasurer of the Company from July 1994 to May 1998. He is the Chairman of the Board and President of Megaworld Corporation, a publicly listed corporation and the parent of the Company, and Chairman of other publicly listed companies such as Alliance Global Group, Inc., Emperador Inc., and Global-Estate Resorts, Inc. He pioneered the live-work-play-learn model in real estate development through Megaworld's integrated township communities, thus fueling the growth of the business process outsourcing (BPO) industry. He chairs publicly-listed Alliance Global Group, Inc. which holds interests in property development through Megaworld, integrated tourism estates development through Global-Estate Resorts, Inc. He is the director of Travellers International Hotel Group, Inc. which owns Resorts World Manila, and food and beverage manufacturing and distribution through Emperador Inc., which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines, and Golden Arches Development Corporation, which operates and franchises quick-service restaurants under the McDonald's brand. Mr. Tan also serves on the boards of various companies: Eastwood Cyber One

Corporation, Megaworld Land, Inc., Megaworld Central Properties, Inc., Gilmore Property Marketing Associates, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., Townsquare Development, Inc. and Richmonde Hotel Group International Limited. Mr. Tan is also the Chairman of Megaworld Foundation, Megaworld's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance, and environmental conservation.

Anthony Charlemagne C. Yu
Director/President/CEO

Mr. Yu, 59 years old, Filipino, has been a member of the Company's Board of Directors since August 1997 and has served as President and CEO of the Company for the same period. He joined Megaworld Land, Inc. in July 1996 and served as its Vice President until July 1997. Mr. Yu obtained his Bachelor of Arts degree major in Political Science from the Ateneo de Manila University and his Bachelor of Laws degree from the University of the Philippines. He holds a Master's Degree from the University of London. Mr. Yu previously worked for Ten Knots Development Corporation where he served as Vice President for Corporate and Legal Affairs and was a member of both its Executive and Management Committees. He also worked as a Legal Associate in one of the country's largest and most active law firms then, and served as Special Legal Counsel to the Secretary of Health, Dr. Juan Flavier. He also served as a Consultant in the Senate of the Philippines. He was a member of the University Faculty of the Ateneo de Manila University for many years, and sat on the board of the Institute of the Philippine Culture of the Ateneo de Manila University. He was also a Founding Faculty of the College of Law of De La Salle University, and a Professor of Law at the Lyceum College of Law. Mr. Yu continues to serve as a Professor of Law in the College of Law of the University of the Philippines. He was a member of the Philippine Delegation to the Integrated Environmental Management Forum held in Israel. Mr. Yu was also a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sat in the Board of Trustees of Management Advancement Systems, Association, Inc. He is currently the Chairman of the Board and President of the Philippine Science-assisted school, Laguna BelAir Science School, Inc. He is the President of the El Nido Foundation, an NGO that promotes sustainable development and environmental protection in northern Palawan. He is a Trustee of Culion Foundation, a social development organization that primarily supports undertakings on the prevention and control of selected communicable and infectious diseases, reproductive health, and micro-enterprise development. He is the Chairman of the ERDA Group of Foundations, which promotes educational assistance to the marginalized sectors of society, including street children. He was also a member of the Board of Trustees of a non-profit research and education development institution that provides socio-economic research and analysis on people's issues to various sectors. He also sits in the Board of NVC Foundation- Negrense Volunteers for Change, an organization that fights hunger and poverty by providing proper nutrition for poor children, as well as sustainable livelihood opportunities for their families. He is also a member of the Board of Trustees of WWF Philippines, which works to improve Filipino lives by crafting solutions to climate change, providing sustainable livelihood programs, and conserving the country's richest marine and terrestrial habitats. Mr. Yu is also President and/or Director of Empire East Communities, Inc., Megaworld Central Properties, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Megaworld Newport Property Holdings, Inc.

Cresencio P. Aquino
Lead Independent Director

Atty. Aquino, 68 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He concurrently serves as an independent director in the boards of publicly-listed companies, Megaworld Corporation and Global-Estate Resorts, Inc. He is a graduate of the San Sebastian College Manila with degrees in Bachelor of Arts and Bachelor of Laws. Atty. Aquino has extensive experience in both the public and private sectors as 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, Director 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 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College. 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.

Enrique Santos L. Sy
Director

Mr. Sy, 72 years old, Filipino, was elected to the Board on 09 June 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to 23 December 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until 31 March 2011. Mr. Sy concurrently serves on the board of the publicly-listed company, Megaworld Corporation. He is a Director of Eastin Holdings and First Oceanic Property Management, Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and the Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc., and Peace Advertising Corporation and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

Evelyn G. Cacho
Director/Senior Vice President/Corporate Information Officer/Compliance Officer

Ms. Cacho, 60 years old, Filipino, has served as director of the Company since 20 February 2009. Ms. Cacho joined the Company in February 1995. She currently serves as director of the Company's subsidiaries, Empire East Communities, Inc., Laguna BelAir School, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., and Sherman Oak Holdings, Inc. She concurrently serves as Director in publicly-listed Suntrust Home Developers, Inc. She also holds the position of Treasurer of Megaworld Central Properties, Inc. and Megaworld Newport Property Holdings, Inc. She is the Assistant Corporate Secretary of Gilmore Property Marketing Associates, Inc. Prior to joining the Company, she had extensive experience in the fields of financial/operations audit, treasury, and general accounting from banks, manufacturing, and trading companies. Ms. Cacho has a bachelor's degree in Business Administration major in Accounting and is a certified public accountant by profession.

Alejo L. Villanueva, Jr.
Independent Director

Mr. Villanueva, 80 years old, Filipino, is an independent director of the Company since June 2007. He is the Independent Director of MREIT Property Managers, Inc. and also a Director of Ridgeview Estates Nuvali Homeowners Association, Inc., a non-stock, non-profit corporation. He is a professional consultant who has more than 20 years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consulting work with the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture, Philippine National Railways, International Rice Research Institute, Rustan's Supermarkets, Louis Berger International (USAID-funded projects on Mindanao growth), World Bank (Subic Conversion Program), Ernst & Young (an agricultural productivity project), Chemonics (an agribusiness project of USAID), Price Waterhouse (BOT program, a USAID project), Andersen Consulting (Mindanao 2000, a USAID project), Renardet S.A. (a project on the Privatization of MWSS, with World Bank funding support), Western Mining Corporation, Phelps Dodge Exploration, and Marubeni Corporation. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude. He has a master's degree in Philosophy from the University of Hawaii under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

Kevin Andrew L. Tan
Director

Mr. Tan, 42 years old, Filipino, has served as Director last June 2015. He is the Executive Vice President and Chief Strategy Officer of Megaworld Corporation. He previously held the position of Senior Vice President for Commercial Division which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, and

Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of a public-listed company, Alliance Global Group, Inc. He is also the concurrently a Director of publicly listed companies Emperador Inc. and Global-Estate Resorts, Inc. and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties, Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a trustee and a Treasurer of Megaworld Foundation, Inc. He has over 12 years of experience in retail leasing, marketing and operations. Mr. Tan obtained his bachelor’s degree in Business Administration major in Management from the University of Asia and the Pacific.

Ricky S. Libago
Executive Vice President

Mr. Libago, 57 years old, Filipino, has been with the Company since July 2008. He served as Senior Vice President for Project Development, the position he held prior to his appointment as Executive Vice President in July 2016. Prior to joining the Company, he worked with Citibank Japan for three years and Citibank Philippines/Citibank Asia Pacific for five years with the Corporate Realty Services Group. He also previously worked with Universal Rightfield Holdings, Inc. (a real estate joint venture company with DMCI), Megaworld Land, Inc. (a subsidiary of Megaworld), Ayala Property Management Corporation (a subsidiary of Ayala Land, Inc.), and Makati Development Corporation (the construction arm of Ayala Land, Inc.). Mr. Libago is a licensed Civil Engineer and a Sanitary Engineer. He obtained his Civil Engineering degree from Ateneo de Cagayan (Xavier University) and his Sanitary Engineering degree from the National University.

Jhoanna Lyndelou T. Llaga
First Vice President for Marketing

Ms. Llaga, 51 years old, Filipino, currently serves as director of Empire East Communities, Inc, the Company's subsidiary, and as a Senior Vice President of Megaworld Central Properties, Inc., an affiliate of the Company. She joined the company in April 1996 and held various marketing positions. She was appointed Marketing Head in June 2003, Assistant Vice President in July 2009, Vice President in March 2011, and First Vice President in July 2015. Ms. Llaga graduated from the University of the Philippines in March 1994 with the degree of Bachelor of Arts in English Language Studies.

Franemil T. Ramos
Vice President for Management Information System

Mr. Ramos, 48 years old, Filipino, joined the company in December 1997 and held various positions in the Management Information System (MIS) Department. He was appointed as Vice President for MIS Department in July 2016. He also held the position of Senior. Manager on July 2004 and appointed Assistant Vice President on July 2006. Mr. Ramos has a broad background in multiple programming languages along with extensive experience in system analysis, design, and implementation. Prior to joining the company, he was a Programmer Analyst of Union Industries, Inc. assigned to developing and migrating applications from mainframe computer. He graduated from the Lyceum of The Philippines with the degree of Bachelor of Science in Information Technology.

Amiel Victor A. Asuncion
Senior Assistant Vice President for Human Resources Department

Mr. Asuncion, 38 years old, Filipino, has been with the Company since May 2014, and currently heads its Human Resources Department. Prior to his assignment as head of the Human Resources Department, Mr. Asuncion was Assistant Vice President of the Legal and Corporate Affairs Division of the Company. Mr. Asuncion obtained his Juris Doctor degree from the Ateneo de Manila University School of Law in 2010 and his Bachelor of Arts degree, major in Philosophy, minor in English Literature from the Ateneo de Manila University in 2006. Mr. Asuncion has extensive experience in civil, criminal, administrative, tax, and labor litigation, labor relations, and real estate law. Prior to joining the Company, Mr. Asuncion was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices and at Villaraza Cruz Marcelo & Angangco, and a Legal Officer at the Philippine Amusement and Gaming Corporation.

Kim Camille B. Manansala
Assistant Vice President for Audit and Management Services

Ms. Manansala, 31 years old, Filipino, currently serves as Assistant Vice President for Audit and Management Services (AMS). She joined the company in May 2016 as Senior Audit Manager and was appointed as AMS-Head in July 2016 and AVP for AMS in January 2017. She is also the assigned Project Manager for the SAP implementation from January 2017 to the present. Prior to joining the company, she worked with SyCip Gorres Velayo & Co. (SGV & Co.) as Senior Assurance Associate where she gained extensive exposure in financial/operations audit for insurance, service, finance, and holding companies, advertising and non-profit institutions. She also worked with QBE Group Shared Services Centre as Quality Assurance Analyst Level 4 and AMA Group of Companies as Senior Audit Manager. Ms. Manansala graduated Magna Cum Laude from the Polytechnic University of the Philippines in 2011 with the degree of Bachelor of Science in Accountancy and is a certified public accountant by profession.

Giovanni C. Ng
Treasurer

Mr. Ng, 48 years old, Filipino, has served as Treasurer of the Company since 06 January 2002. He is also the Senior Vice President and Finance Director of Megaworld Corporation and Treasurer of Adams Properties, Inc. and Townsquare Development, Inc. He serves as a director in Eastwood Property Holdings, Inc., Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc. and New Town Land Partners, Inc. and Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Dennis E. Edaño
Corporate Secretary

Mr. Edaño, 45 years old, Filipino, is the Corporate Secretary of the Company. He has been with the Company since September 2003 and currently heads the Legal & Corporate Affairs Department. Prior to his appointment as Corporate Secretary, Mr. Edaño was Assistant Corporate Secretary of the Company. Mr. Edaño has extensive experience in civil, criminal, administrative, labor and local taxation litigation, labor relations and real estate law. Prior to joining the Company, he was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices. Mr. Edaño obtained his bachelor's degree in Law in 1999 from the University of the Philippines and his bachelor's degree in Liberal Arts major in Philosophy from the same institution in 1995.

Celeste Z. Sioson
Assistant Corporate Secretary

Ms. Sioson, 45 years old, Filipino, is the Assistant Corporate Secretary of the Company. She joined the Company in October 2006 and is currently Vice President of the Legal and Corporate Affairs Department of the Company. Ms. Sioson obtained her bachelor's degree in Law from the University of the Philippines in 2002 and her bachelor's degree in Science major in Biology in 1998 from the same institution. She has extensive experience in civil, criminal, administrative, labor litigation, labor relations and real estate law. Prior to joining the Company, she was a Senior Associate at the Andres Marcelo Padernal Guerrero and Paras Law Offices and an Associate at the Ponce Enrile Reyes & Manalastas Law Offices.

Financial Information

Consolidated Audited Financial Statements of the Company and its subsidiaries (the "Group") as of 31 December 2021 and 2020 and Interim Financial Statements as of 31 March 2022 are attached hereto and incorporated herein by reference.

Management's Discussion of Financial Condition and Results of Operations

KEY PERFORMANCE INDICATORS

For the three-month period ending 31 March 2022, the following are the top key performance indicators of the Group:

		2022	2021
Sales		P1.1 Billion	P1.0 Billion
Net Profit		P178.7 Million	P213.9 Million
Current Ratio	*1	3.14:1	3.13:1
Quick Ratio	*2	0.92:1	0.90:1
Return on Assets	*3	0.004:1	0.005:1
Return on Equity	*4	0.006:1	0.007:1

**1- Current Assets/Current Liabilities*
**2- (Cash and cash equivalents + Trade and other receivables)/ Total Current Liabilities*
**3- Net Profit divided by Average Total Assets*
**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, and obtained lower-cost funding through bank financing to partially support operations.

3) Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments despite quarantine restrictions.

Material Changes as of 31 March 2022 Interim Consolidated Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2021)

- 9.5% increase in Prepayments and Other Current Assets
  Mainly due to transfer related taxes paid for the period and input VAT on purchases

- 6.1% increase in Financial Assets at FVOCI
  Mainly due to increase in fair market value of investment in securities held by a subsidiary

- 5.2% increase in Intangible Assets
  Primarily due to additional purchase for the period

- 6.67% decrease in Interest-bearing loans and borrowings
  Mainly due to repayments of loan for the period

- 5.7% increase in Trade and Other Payables
  Various payables to contractors and suppliers for the period

- 6.0% increase in Contract Liabilities
  Mainly due to customer collections from uncompleted projects

- 8.9% decrease in Other Current Liabilities
  Primarily due to release of retention payables to suppliers and contractors for the period

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 March 2021)

- 5.0% increase in Real Estate Sales
  Due to higher sales recognized for the period

- 47.6% increase in Finance Income
  Primarily due to interest in advances to related parties

- 34.5% increase in Cost of Real Estate Sales
  Due to the increase in real estate sales for the period

- 6.7% increase in Finance Costs
  Mainly due to interest on advances from related parties and bank loans for the period

- 13.9% decrease in Operating Expenses
  Mainly due to continued cost saving measures and close monitoring of marketing and administrative expenses

- 17.0% decrease in Income Taxes
  Mainly due to lower taxable income

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 March 2022 versus 31 March 2021

In Thousand Pesos (except for Earnings per Share (EPS))	For the three-month period ended 31 March 2022	2021	Change year-on-year In Pesos	In %
REVENUES AND INCOME				
Real estate sales	P 1,086,935	P 1,035,180	P 51,755	5.0%
Finance income	69,276	46,948	22,328	47.6%
Commission income and other income	61,379	58,513	2,866	4.9%
	1,217,590	1,140,641	76,949	6.7%
COSTS AND EXPENSES				
Cost of real estate inventories	632,903	470,392	162,511	34.5%
Finance costs	82,470	77,259	5,211	6.7%
Operating Expenses	258,908	300,849	(41,941)	(13.9%)
Equity share in net losses of an associate	1,834	2,681	(847)	(31.6%)
Income taxes	62,755	75,570	(12,815)	(17.0%)
	1,038,870	926,751	112,119	12.1%
NET PROFIT	178,720	213,890	(35,170)	(16.4%)
Net profit (loss) attributable to:				
Parent company's shareholders	P 178,125	P 219,195	P (41,070)	(18.7%)
Non-controlling interest	595	(5,305)	5,900	(111.2%)
EPS - Basic and Diluted	P0.012	P0.015	P (0.003)	(18.7%)

During the three-month period, the consolidated net profit amounted to P178.7 million, 16.4% lower than the previous year's net profit of P213.9 million. Consolidated revenues, composed of real estate sales, finance income, commissions, and other income increased by 6.7% from P1.1 billion in 2021 to P1.2 billion in 2022.

Real Estate Sales

The Group registered Real Estate Sales of P1.1 billion and P1.0 billion for the three months ended 31 March 2022 and 2021, respectively. The sales were derived from various projects including, Kasara Urban Resort Residences, The Cambridge Village, The Rochester Gardens, The Sonoma, Covent Gardens, Mango Tree Residences, California Garden Square, Laguna Bel-Air Projects, Greenhills Garden Square, and San Francisco Gardens.

The Cost of Real Estate Sales amounted to P632.9 million in 2022 and P470.4 million in 2021, or 58.2% and 45.4% of Real Estate Sales for the three months ended 31 March 2022 and 2021, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P454.0 million in 2022 and P564.8 million in 2021, or 41.8% and 54.6% of Real Estate Sales, for the three months ended 31 March 2022 and 2021, respectively. The gross profit margin varies depending on the product mix and the competitiveness in pricing.

Other Revenues

The Finance Income amounted to P69.3 million and P46.9 million for the three months ended 31 March 2022 and 2021 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 5.7% and 4.1% of total revenues for 2022 and 2021, respectively.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties, and those obtained from other sources. Commission and other income totaling P61.4 million in 2022 and P58.5 million in 2021, representing 5.0% and 5.1% of total revenues for 2022 and 2021, respectively.

Operating Expenses

Operating Expenses posted a decrease from P300.8 million in 2021 to P258.9 million in 2022. Finance Cost posted an increase from P77.3 million in 2021 to P82.5 million in 2022.

FINANCIAL CONDITION

Review of 31 March 2022 versus 31 December 2021

In Thousand Pesos **Selected Balance Sheet Data**	As of the periods ending 31 March 2022	31 December 2021	Change-on-period In Pesos	In %
Prepayments and other current assets	P 883,517	P 806,698	P 76,819	9.5%
Financial asset at FVOCI	1,409,752	1,328,680	81,072	6.1%
Intangible Assets	122,666	116,629	6,037	5.2%
Total Assets	46,516,028	46,205,055	310,973	0.7%
Interest-bearing loans and borrowings[1]	1,166,667	1,250,000	(83,333)	(6.7%)
Trade and other payables	1,924,787	1,821,485	103,302	5.7%
Contract liabilities[1]	297,470	280,570	16,900	6.0%
Other current liabilities	809,933	888,813	(78,880)	(8.9%)
Total Liabilities	16,263,106	16,211,924	51,182	0.3%
Equity Attributable to the Parent Company's shareholders	27,455,372	27,196,176	259,196	1.0%
Non-controlling interests	2,797,550	2,796,955	595	0.0%
Total Equity	30,252,922	29,993,131	259,791	0.9%

**1- Current + Non-current Classification Balances*

Total Assets of the Group as of 31 March 2022 and 31 December 2021 amounted to P46.5 billion and P46.2 billion, respectively. Cash and Cash Equivalents decreased from P3.4 billion to P3.3 billion as of 31 December 2021 and 31 March 2022, respectively.

The Group remains liquid with Total Current Assets of P40.9 billion in 2022 and P40.8 billion in 2021, which accounted for 88.0% and 88.3% of the Total Assets as of 31 March 2022 and 31 December 2021, respectively. While, Total Current Liabilities amounted to P13.0 billion as of 31 March 2022 and as of 31 December 2020.

Total Equity increased from P29.9 billion as of 31 December 2021 to P30.3 billion as of 31 March 2022 is mainly due to net profit for the period and revaluation of equity investments.

Consistently the Group still sources its major working capital requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for the construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

For the year ending 31 December 2021, the following are the top key performance indicators of the Group:

		2021	2020
Sales		P3.6 Billion	P4.3 Billion
Net Profit		P797.1 Million	P524.9 Million
Current Ratio	*1	3.13:1	2.99:1
Quick Ratio	*2	0.90:1	0.71:1
Return on Assets	*3	0.02:1	0.01:1
Return on Equity	*4	0.03:1	0.02:1

**1- Current Assets/Current Liabilities*
**2- (Cash and cash equivalents + Trade and other receivables)/ Total Current Liabilities*
**3- Net Profit divided by Average Total Assets*
**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, and obtained lower-cost funding through bank financing to partially support operations.

3) Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments despite quarantine restrictions.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2021 versus 31 December 2020

In Thousand Pesos (except for Earnings per Share (EPS))	For the years ended December 31 2021	2020	Change year-on-year In Pesos	In %
REVENUES AND INCOME				
Real estate sales	P 3,622,808	P 4,262,092	P (639,284)	(15.0%)
Finance income	409,859	340,547	69,312	20.4%
Equity share in net income of an associate	4,074	-	4,074	100%
Commission income and other income	498,098	507,717	(9,619)	(1.9%)
	4,534,839	5,110,356	(575,517)	(11.3%)
COSTS AND EXPENSES				
Cost of real estate inventories	2,228,702	2,537,177	(308,475)	(12.2%)
Finance costs	367,358	338,335	29,023	8.6%
Operating Expenses	1,321,401	1,449,345	(127,944)	(8.8%)
Equity share in net loss of an associate	-	(6,593)	(6,593)	100%
Income taxes	(179,711)	253,964	(433,675)	(170.8%)
	3,737,750	4,585,414	(847,664)	(18.5%)
NET PROFIT	797,089	524,942	272,146	51.8%
Net profit (loss) attributable to:				
Parent company's shareholders	P 805,765	P 531,433	P 274,332	51.6%
Non-controlling interest	(8,676)	(6,491)	(2,185)	33.7%
EPS - Basic and Diluted	P 0.055	P 0.036	P 0.019	51.6%

During the twelve-month period for the year 2021, the consolidated net profit amounted to P797.1 million, with a 51.8% increase from the previous year's net profit of P524.9 million. Consolidated total revenues, composed of real estate sales, finance income, commissions, and other revenues amounted to P4.5 billion and P5.1 billion for the years ending 31 December 2021 and 2020, respectively.

Real Estate Sales

The Group registered Real Estate Sales of P3.6 billion for the year ended 31 December 2021 compared with P4.3 billion for the year ended 31 December 2020. The sales generated were derived from various projects including The Cambridge Village, Little Baguio Terraces, Pioneer Woodlands, The Rochester, Covent Garden, San Lorenzo Place, The Sonoma, California Garden Square, Mango Tree Residences, Xavier Hills, and others. The Cost of Real Estate Sales for the year ended 31 December 2021 and 2020 amount to P2.2 billion and P2.5 billion or 61.5% and 59.5% of Real Estate Sales respectively. The change was primarily due to the different composition of products sold each year.

Gross Profit for the year ended 31 December 2021 and 2020 amounts to P1.4 billion and P1.7 billion or 38.5% and 40.5% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of the prices of each product.

Other Revenues

The Finance Income for the year ended 31 December 2021 and 2020 amount to P409.9 million and P340.5 million or 9.0% and 6.7% of Total Revenues and Income respectively. They were derived mostly from in-house financing and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties, and those obtained from other sources. Commission and other income for the year ended 31 December 2021 and 2020 resulted in P498.1 million and P507.7 million or 11.0% and 9.9% of consolidated total revenues respectively.

Equity share in the net earnings of an associate amounted to P4.1 million for the year ended 31 December 2021.

Operating Expenses

Operating Expenses for the year ended 31 December 2021 and 2020 amount to P1.3 billion and P1.4 billion, respectively. Other charges/expenses include the Finance Cost of P367.4 million and P338.3 million for the year ended 31 December 2021 and 2020, respectively.

FINANCIAL CONDITION
Review of 31 December 2021 versus 31 December 2020

In Thousand Pesos	As of December		Change year-on-year	
Selected Balance Sheet Data	2021	2020	In Pesos	In %
Cash and cash equivalents	P3,389,416	P2,129,721	P1,259,695	59.2%
Trade and other receivables - net[1]	10,741,253	9,575,084	1,166,169	12.2%
Contract assets[1]	2,052,948	2,388,776	(335,828)	(14.1%)
Advances to related parties	4,747,776	4,428,734	319,042	7.2%
Real estate inventories	21,711,434	23,424,845	(1,713,411)	(7.3%)
Prepayments and other current assets	806,698	714,844	91,854	12.9%
Financial asset at FVOCI	1,328,680	1,193,560	135,120	11.3%
Property and equipment - net	144,934	251,102	(106,168)	(42.3%)
Total Assets	46,205,055	45,407,007	798,048	1.8%
Interest-bearing loans and borrowings[1]	1,250,000	1,183,333	66,667	5.6%
Trade and other payables	1,821,485	1,196,578	624,907	52.2%
Lease liabilities[1]	-	59,644	(59,644)	(100.0%)
Customers' deposits	4,460,629	5,146,952	(686,323)	(13.3%)
Contract liabilities[1]	280,570	217,668	62,902	28.9%
Retirement benefit obligation	136,640	201,253	(64,613)	(32.1%)
Deferred tax liabilities - net	1,877,969	2,212,214	(334,245)	(15.1%)
Total Liabilities	16,211,924	16,386,056	(174,132)	(1.1%)
Revaluation reserves	650,475	475,161	175,314	36.9%
Retained earnings	7,828,582	7,023,041	805,541	11.5%
Equity Attributable to the Parent Company's stockholders	27,196,176	26,215,320	980,856	3.7%
Non-controlling interests	2,796,955	2,805,631	(8,676)	(0.3%)
Total Equity	29,993,131	29,020,951	972,180	3.3%

**1 - Current + Non-current Classification Balances*

Total Assets of the Group as of 31 December 2021 and 2020 amount to P46.2 billion and P45.4 billion respectively. Cash and Cash Equivalents as of 31 December increased from P2.1 billion in 2020 to P3.4 billion in 2021. The Group remains liquid with Total Current Assets of P40.8 billion in 2021 and P40.5 billion in 2020, which accounts for 88.3% and amount 89.2% of the Total Assets as of 31 December 2021 and 2020 respectively. While Total Current Liabilities as of 31 December 2021 and 2020 amount to P13.0 billion and P13.5 billion respectively.

Total Equity of the Group as of 31 December increased from P29.0 billion in 2020 to P29.9 billion in 2021 due to the Group's Net Income for the 12-month period, remeasurement of retirement benefit obligation, and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2021 and 2020, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes in the 2021 Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2020)

- 59.2% increase in Cash and cash equivalents
  Mainly due to the availment of long-term loan and continuous customers collections

- 12.2% increase in Trade and other receivables – net
  Mainly due to sustained customer collections but low construction output given the pandemic-related government restrictions

- 14.1% decrease in Contract Assets
  Mainly due to low construction output given the pandemic-related government restrictions but collections were sustained

- 7.2% increase in Advances to related parties
  Primarily due to interest in outstanding advances

- 7.3% decrease in Real estate inventories
  Re-adjustment in construction pace due to pandemic-related government restrictions

- 12.9% increase in Prepayments & Other Current Assets
  Primarily due to transfer related taxes paid during the year

- 11.3% increase in Financial assets at fair value through other comprehensive income
  Mainly due to increase in the fair market value of the investment in securities held by a subsidiary

- 42.3% decrease in Property and equipment – net
  Primarily due to pretermination of the remaining lease asset and depreciation for the year

- 5.6% increase in Interest-bearing loans and borrowings
  Mainly due to the availment of long-term loan

- 52.2% increase in Trade and other payables
  Primary due to resumption of construction activities

- 100% decrease in Lease Liabilities
  Primarily due to pretermination of the remaining lease asset

- 13.3% decrease in Customers' deposits
  Mainly due to recognition of sales

- 28.9% increase in Contract liabilities
  Mainly due to sustained customer collections but low construction output given the pandemic-related government restrictions

- 32.1% decrease in Retirement benefit obligation
  Due to re-measurement of retirement obligation
- 15.1% decrease in Deferred Tax Liabilities-net
  Mainly due to the tax effect of the lower corporate tax rate following the enactment of the CREATE Law on taxable and deductible temporary differences

- 36.9% increase in Revaluation reserve
  Mainly due to an increase in the fair market value of the investment in securities held by a subsidiary and remeasurement of the retirement benefit obligation

- 11.5% increase in Retained Earnings
  Pertains to net income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2020)

- 15.0% decrease in Real estate sales
  Due to the timing of sales recognition as a result of collection threshold and construction activities

- 20.4% increase in Finance income
  Primarily due to interest in advances to related parties and amortization from in-house financing

- 161.8% increase in Equity share in net income of associates[7]
  Pertains to the net operating income of an associate

- 12.2% decrease in Cost of real estate sales
  Due to a decrease in real estate sales for the period

- 8.6% increase in Finance costs
  Mainly due to interest on loans and advances from related parties

- 8.8% decrease in Operating expenses
  Mainly due to cost-saving measures and close monitoring of marketing and administrative expenses

- 170.8% decrease in Tax expense
  Mainly due to the tax effect of the lower corporate tax rate following the enactment of the CREATE Law

For 31 December 2020, the following are the top key performance indicators of the Group:

		2020	2019
Sales		P4.3 Billion	P3.9 Billion
Net Profit		P524.9 Million	P615.5 Million
Current Ratio	*1	2.99:1	3.06:1
Quick Ratio	*2	0.71:1	0.62:1
Return on Assets	*3	0.01:1	0.01:1
Return on Equity	*4	0.02:1	0.02:1

**1- Current Assets/Current Liabilities*

**2- (Cash and cash equivalents + Trade and other receivables)/ Total Current Liabilities*

**3- Net Profit divided by Average Total Assets*

**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, and obtained lower-cost funding through bank financing to support operations to maintain management's cash preservation objective.

[7] *Net amount of the equity share in the net earnings and net losses of an associate*

3) Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments despite quarantine restrictions.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2020 versus 31 December 2019

In Thousand Pesos (except for Earnings per Share (EPS))	For the years ended December 31 2020	2019	Change year-on-year In Pesos	In %
REVENUES AND INCOME				
Real estate sales	P 4,262,092	P 3,932,469	P 329,623	8.4%
Finance income	340,547	295,402	45,145	15.3%
Commission income and other income	507,717	913,543	(405,826)	(44.4%)
	5,110,356	5,141,414	(31,058)	(0.6%)
COSTS AND EXPENSES				
Cost of real estate inventories	2,537,177	2,192,214	344,963	15.7%
Finance costs	338,335	333,571	4,764	1.4%
Operating Expenses	1,449,345	1,689,574	(240,229)	(14.2%)
Equity share in net losses of associates	6,593	3,831	2,762	72.1%
Income taxes	253,964	306,661	(52,697)	(17.2%)
	4,585,414	4,525,851	59,563	1.3%
NET PROFIT	524,942	615,563	(90,621)	(14.7%)
Net profit (loss) attributable to:				
Parent company's shareholders	P 531,433	P 622,022	P (90,589)	(14.6%)
Non-controlling interest	(6,491)	(6,459)	32	0.5%
EPS - Basic and Diluted	P 0.036	P 0.042	P (0.006)	(14.6%)

During the twelve-month period for the year 2020, the consolidated net profit amounted to P524.9 million, with a 14.7% decrease from the previous year's net profit of P615.5 million. Consolidated total revenues, composed of real estate sales, finance income, commissions, and other revenues amounted to P5.1 billion for the years ending 31 December 2020 and 2019.

Real Estate Sales

The Group registered Real Estate Sales of P4.3 billion for the year ended 31 December 2020 compared with P3.9 billion for the year ended 31 December 2019. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, The Rochester, San Lorenzo Place, Covent Garden, The Cambridge Village, Little Baguio Terraces, Laguna Bel Air projects, California Garden Square, and Mango Tree Residences.

The Cost of Real Estate Sales for the year ended 31 December 2020 and 2019 amount to P2.5 billion and P2.2 billion or 59.5% and 55.8% of Real Estate Sales respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit for the year ended 31 December 2020 and 2019 amounts to P1.7 billion or 40.5% and 44.3% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of the prices of each product.

Other Revenues

The Finance Income for the year ended 31 December 2020 and 2019 amount to P340.5 million and P295.4 million or 6.7% and 5.7% of consolidated total revenue respectively. They were derived mostly from in-house financing and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties, and those obtained from other sources. Commission and other income for the year ended 31 December 2020 and 2019 resulted in P507.7 million and P913.5 million or 9.9% and 17.8% of consolidated total revenues respectively.

Operating Expenses

Operating Expenses for the year ended 31 December 2020 and 2019 amount to P1.4 billion and P1.7 billion, respectively. Other charges/expenses include the Finance Cost of P338.3 million and P333.6 million for the year ended 31 December 2020 and 2019, respectively.

FINANCIAL CONDITION

Review of 31 December 2020 versus 31 December 2019

In Thousand Pesos	As of December		Change year-on-year	
Selected Balance Sheet Data	2020	2019	In Pesos	In %
Cash and cash equivalents	P2,129,721	P1,145,333	P984,388	85.9%
Trade and other receivables - net[1]	9,575,084	8,667,851	907,233	10.5%
Contract assets[1]	2,388,776	1,951,879	436,897	22.4%
Advances to related parties	4,428,734	4,122,110	306,624	7.4%
Real estate inventories	23,424,845	25,236,565	(1,811,720)	(7.2%)
Financial asset at FVOCI	1,193,560	1,312,916	(119,356)	(9.1%)
Property and equipment - net	251,102	378,706	(127,604)	(33.7%)
Total Assets	45,407,007	44,842,066	564,941	1.3%
Interest-bearing loans and borrowings[1]	1,183,333	1,416,667	(233,334)	(16.5%)
Trade and other payables	1,196,578	1,674,531	(477,953)	(28.5%)
Lease liabilities[1]	59,644	159,099	(99,455)	(62.5%)
Customers' deposits	5,146,952	4,768,480	378,472	7.9%
Advances from related parties	5,237,760	4,776,874	460,886	9.7%
Contract liabilities[1]	217,668	128,320	89,348	69.6%
Income tax payable	-	46	(46)	(100.0%)
Retirement benefit obligation	201,253	345,782	(144,529)	(41.8%)
Deferred tax liabilities - net	2,212,214	2,028,814	183,400	9.0%
Total Liabilities	16,386,056	16,238,341	147,715	0.9%
Revaluation reserves	475,161	582,666	(107,505)	(18.5%)
Retained earnings	7,023,041	6,491,607	531,434	8.2%
Equity Attributable to the Parent Company's stockholders	26,215,320	25,791,392	423,928	1.6%
Non-controlling interests	2,805,631	2,812,333	(6,702)	(0.2%)
Total Equity	29,020,951	28,603,725	417,226	1.5%

**1- Current + Non-current Classification Balances*

Total Assets of the Group as of 31 December 2020 and 2019 amount to P45.4 billion and P44.8 billion respectively. Cash and Cash Equivalents as of 31 December increased from P1.1 billion in 2019 to P2.1 billion in 2020. The Group remains liquid with Total Current Assets of P40.5 billion in 2020 and P39.7 billion in 2019, which accounts for 89.2% and 88.5% of the Total Assets as of 31 December 2020 and 2019 respectively. While Total Current Liabilities as of 31 December 2020 and 2019 amount to P13.5 billion and P12.9 billion respectively.

Total Equity of the Group as of 31 December increased from P28.6 billion in 2019 to P29.0 billion in 2020 due to the Group's Net Income for the 12-month period, and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2020 and 2019, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes in the 2020 Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2019)

- 85.9% increase in Cash and cash equivalents
  Mainly due to prudent cash management and availment of short-term loan

- 10.5% increase in Trade and other receivables - net
  Mainly due to down payments made to suppliers and contractors and recognition of sales from completed projects

- 22.4% increase in Contract Assets
  Mainly due to the completion of certain projects

- 7.4% increase in Advances to related parties
  Primarily due to interest in advances

- 7.2% decrease in Real estate inventories
  Re-adjustment in construction pace due to pandemic-related government restrictions

- 9.1% decrease in Financial assets at fair value through other comprehensive income
  Mainly due to a decrease in the fair market value of the investment in securities held by a subsidiary

- 33.7% decrease in Property and equipment – net
  Primarily due to pretermination of certain lease asset

- 16.5% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments

- 28.5% decrease in Trade and other payables
  Primary due to payments made to various contractors and suppliers

- 62.5% decrease in Lease Liabilities
  Primarily due to pretermination of certain lease asset

- 7.9% increase in Customers' deposits
  Mainly due to an increase in reservation sales and collection from various projects

- 9.7% increase in Advances from related parties
  Primarily due to project-related advances

- 69.6% increase in Contract liabilities
Mainly due to re-adjustment in construction pace of certain projects

- 41.8% decrease in Retirement benefit obligation
Due to re-measurement of retirement obligation

- 100.0% decrease in Income tax payable
Mainly due to payment of the previous year income tax due of a subsidiary

- 9.0% increase in Deferred Tax Liabilities-net
Pertains to the tax effect of taxable and deductible temporary differences

- 18.5% decrease in Revaluation reserve
Mainly due to a decrease in the fair market value of the investment in securities held by a subsidiary

- 8.2% increase in Retained Earnings
Pertains to net income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2019)

- 8.4% increase in Real estate sales
Primarily due to higher sales recognized for the period

- 15.3% increase in Finance income
Primarily due to interest in advances

- 44.4% decrease in Commission & other income
Mainly due to a decrease in revenues derived from other related sources
- 15.7% increase in Cost of real estate sales
Due to the increase in real estate sales

- 14.2% decrease in Operating expenses
Mainly due to a decrease in marketing and administrative expenses

- 17.2% decrease in Tax expense
Mainly due to a decrease in taxable income

For 31 December 2019, the following are the top key performance indicators of the Group:

		2019	2018
Sales		P3.9 Billion	P3.4 Billion
Net Profit		P615.6 Million	P535.1 Million
Current Ratio	*1	3.06:1	3.34:1
Quick Ratio	*2	0.62:1	0.66:1
Return on Asset	*3	0.01:1	0.01:1
Return on Equity	*4	0.02:1	0.02:1

**1- Current Assets/Current Liabilities*
**2- (Cash and cash equivalents + Trade and other receivables)/ Total Current Liabilities*
**3- Net Profit divided by Average Total Assets*
**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) Other Revenues

Other income derived from various sources contributed to the Group's revenue.

3) Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous development of projects

The Group aggressively undertakes construction and development activities and has been exerting efforts to deliver its projects within the commitment timetable.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2019 versus 31 December 2018

In Thousand Pesos *(except for Earnings per Share (EPS))*	For the years ended December 31 2019	2018	Change year-on-year In Pesos	In %
REVENUES AND INCOME				
Real estate sales	P 3,932,469	P 3,449,482	P 482,987	14.0%
Finance income	295,402	290,182	5,220	1.8%
Commission income and other income	913,543	640,344	273,199	42.7%
	5,141,414	4,380,008	761,406	17.4%
COSTS AND EXPENSES				
Cost of real estate inventories	2,192,214	2,058,229	133,985	6.5%
Finance costs	333,571	279,934	53,637	19.2%
Operating Expenses	1,689,574	1,266,079	423,495	33.5%
Equity share in net losses of associates	3,831	6,311	(2,480)	(39.3%)
Income taxes	306,661	234,299	72,362	30.9%
	4,525,851	3,844,852	680,999	17.7%
NET PROFIT	615,563	535,156	80,407	15.0%
Net profit (loss) attributable to:				
Parent company's shareholders	P 622,022	P 534,218	P 87,804	16.4%
Non-controlling interest	(6,459)	938	(7,397)	(788.6%)
EPS - Basic and Diluted	P0.042	P0.036	P0.006	16.4%

During the twelve-month period for the year 2019, the consolidated net profit amounted to P615.6 million, with a 15.0% increase from the previous year's net profit of P535.2 million. Consolidated total revenues for the year ended 31 December, composed of real estate sales, finance income, commissions, and other revenues posted an increase of 17.4% from P4.4 billion in 2018 to P5.1 billion in 2019.

Real Estate Sales

The Group registered Real Estate Sales for the year ended 31 December 2019 and 2018 amounting to P3.9 billion and P3.4 billion respectively. The sales generated were derived from various projects including Kasara Urban Resort Residences, San Lorenzo Place, Pioneer Woodlands, The Rochester, The Cambridge Village, Little Baguio Terraces, The Sonoma, California Garden Square, and Laguna Bel Air projects.

The Cost of Real Estate Sales for the year ended 31 December 2019 and 2018 amount to P2.2 billion and P2.0 billion or 55.8% and 59.7% in 2019 and 2018 of Real Estate Sales respectively. The change was primarily due to the different composition of products sold each year.

Gross Profit for the year ended 31 December 2019 and 2018 amounts to P1.8 billion and P1.4 billion or 44.3% and 40.3% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of the prices of each product.

Other Revenues

The Finance Income for the year ended 31 December 2019 and 2018 amount to P295.4 million and P290.2 million or 5.7% and 6.6% of consolidated total revenue respectively. They were derived mostly from in-house financing and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties, and those obtained from other sources. Commission and other income for the year ended 31 December 2019 and 2018 amounted to P913.5 million and P640.3 million or 17.8% and 14.6% of consolidated total revenues, respectively.

Operating Expenses

Operating Expenses for the year ended 31 December 2019 and 2018 amount to P1.7 billion and P1.3 billion respectively. Other charges/expenses include the Finance Cost of P333.6 million and P279.9 million respectively.

FINANCIAL CONDITION

Review of 31 December 2019 versus 31 December 2018

In Thousand Pesos	As of December		Change year-on-year	
Selected Balance Sheet Data	2019	2018	In Pesos	In %
Cash and cash equivalents	P 1,145,333	P 1,816,898	P (671,565)	(36.9%)
Trade and other receivables – net[1]	8,667,851	6,879,746	1,788,105	25.9%
Contract assets[1]	1,951,879	2,690,071	(738,192)	(27.4%)
Advances to related parties	4,122,110	2,927,206	1,194,904	40.8%
Prepayments and other current assets	686,409	581,460	104,949	18.1%
Advances to landowners and joint ventures	226,304	142,458	83,846	58.9%
Property and equipment - net	378,706	248,967	129,739	52.1%
Other non-current assets	5,191	6,079	(888)	(14.6%)
Total Assets	44,842,066	42,600,192	2,241,874	5.3%
Interest-bearing loans and borrowings[1]	1,416,667	2,056,736	(640,069)	(31.1%)
Trade and other payables	1,674,531	1,786,066	(111,535)	(6.2%)
Lease liabilities[1]	159,099	-	159,099	100.0%
Customers' deposits	4,768,480	3,271,411	1,497,069	45.8%
Contract liabilities[1]	128,320	153,953	(25,633)	(16.7%)
Other current liabilities	939,729	813,428	126,301	15.5%
Income tax payable	46	42	4	10.4%
Retirement benefit obligation	345,782	305,284	40,498	13.3%
Total Liabilities	16,238,341	14,905,102	1,333,239	8.9%
Revaluation reserves	582,666	636,105	(53,439)	(8.4%)
Retained earnings	6,491,607	5,876,989	614,618	10.5%
Equity Attributable to the Parent Company's stockholders	25,791,392	25,136,370	655,022	2.6%
Non-controlling interests	2,812,333	2,558,720	253,613	9.9%
Total Equity	28,603,725	27,695,090	908,635	3.3%

**1- Current + Non-current Classification Balances*

Total Assets of the Group as of 31 December 2019 and 2018 amounted to P44.8 billion and P42.6 billion respectively. Cash and Cash Equivalents as of 31 December decreased from P1.8 billion in 2018 to P1.1 billion in 2019. The Group remained liquid with Total Current Assets of P39.7 billion in 2019 and P37.1 billion in 2018, which accounted for 88.5% and 87.2% of the Total Assets as of 31 December 2019 and 2018 respectively. While Total Current Liabilities as of 31 December 2019 and 2018 amounted to P12.9 billion and P11.1 billion respectively.

Total Equity of the Group as of 31 December increased from P27.7 billion in 2018 to P28.6 billion in 2019 due to Group's Net Income for the 12-month period, revaluation of equity investments held by a subsidiary, and consolidation of a new subsidiary.

For the year ending 31 December 2019 and 2018, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes in the 2019 Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2018)

- 36.9% decrease in Cash and cash equivalents
  Mainly due to construction-related payments and loan repayments

- 25.9% increase in Trade and other receivables
  Mainly due to down payments made to suppliers and contractors and recognition of sales from completed projects

- 27.4% decrease in Contract Assets
  Mainly due to the completion of certain projects

- 40.8% increase in Advances to related parties
  Primarily due to advances granted by a subsidiary

- 18.1% increase in Prepayments and other current assets
  Mainly due to commissions capitalized for the year and transfer related taxes paid

- 58.9% increase in Advances landowners and joint venture
  Primarily due to additional advances to landowners and joint venture partners

- 52.1% increase in Property and equipment
  Primarily due to the adoption of a new financial reporting standard

- 14.6% decrease in Other non-current assets
  Primarily due to a decrease in rental deposits of a subsidiary

- 31.1% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments

- 6.2% decrease in Trade and other payables
  Primary due to payments made to various contractors and suppliers

- 100% increase in Lease Liabilities
  Primarily due to the adoption of new financial reporting standards

- 45.8% increase in Customers' deposits
  Mainly due to an increase in reservation sales and collection from various projects

- 16.7% decrease in Contract liabilities
  Mainly due to the completion of certain projects

- 13.3% increase in Retirement benefit obligation
  Due to re-measurement of retirement obligation

- 10.4% increase in Income tax payable
  Mainly due to an increase in income tax due of a subsidiary

- 15.5% increase in Other current liabilities
  Primary pertains to refund liability related to Maceda Law

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2018)

- 14.0% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 42.7% increase in Commission & other income
  Mainly due to an increase in revenues derived from other related sources

- 6.5% increase in Cost of real estate sales
  Due to increase in real estate sales

- 19.2% increase in Finance costs
  Mainly due to interest on loans

- 33.5% increase in Operating expenses
  Mainly due to an increase in marketing and administrative expenses

- 30.9% increase in Tax expense
  Mainly due to an increase in taxable income

Other Information Disclosure

Future Capital expenditure plans

As of December 31, 2021, the Company allocates P25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Any Known Trends, Events, or Uncertainties

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

Any Significant Elements of Income or Loss

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, and more flexible payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

Capital Commitments to Joint Venture

As of December 31, 2021, 2020, and 2019, the Company has commitments amounting to P2.2 billion, P1.3 billion, and P1.5 billion, respectively, for the construction expenditures in relation to the Company's joint venture.

Seasonal Fluctuations

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

Information on Independent Accountants and other Related Matters

External Audit Fees and Services

The Company's external auditor, Punongbayan & Araullo, billed the amount of P2,025,000 annually exclusive of VAT for the years ending 31 December 2021 and 2020, respectively, in professional fees for services rendered by it for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2021 and 2020.

Apart from the foregoing, no other services were rendered, or fees billed by the Company's external auditors for the years ending 31 December 2021 and 2020.

The engagement of Punongbayan & Araullo and the handling partner is approved by the Board of Directors in consultation with its Audit Committee and by the stockholders of the Company. The selection of external auditors is made based on credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company complied with SRC Rule 68, as prescribed by the Code of Ethics for Professional Accountants as adopted by the Board of Accountancy and the Professional Regulation Commission, and the Company's Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the engagement partner changed after seven (7) years of engagement. A five-year cooling-off period shall be observed in the re-engagement of the same engagement partner. In this regard, starting the year ending 31 December 2016, Mr. Renan A. Piamonte, one of the Audit and Assurance Partners of Punongbayan and Araullo (P&A), was designated as the engagement partner for the audit of the Company's financial statements. Mr. Nelson Dinio, also one of the Audit and Assurance Partners of P&A, handled the audit of the Company's financial statements for the past five years from 2011 to 2015.

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.

Section 49 of the Revised Corporation Code

In compliance with Section 49 of the Revised Corporation Code, the list of Disclosure Requirements is attached herein as **"Annex B" and** a copy of the Minutes of the previous annual stockholders' meeting is attached herein as **Annex "C".**

The attendance of the directors at the meetings of the Board of Directors for the year 2021 is as follows:

Name	No. of Meetings held during the year	No. of Meetings Attended	Percentage of Attendance
Andrew L. Tan	16	16	100%
Anthony Charlemagne C. Yu	16	16	100%
Enrique Santos L. Sy	16	16	100%
Evelyn G. Cacho	16	16	100%
Kevin Andrew L. Tan	16	16	100%
Cresencio P. Aquino	16	16	100%
Alejo L. Villanueva, Jr.	16	16	100%

The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into transaction. No participation in the approval of the transaction. None of the Corporation's directors and officers have entered into self-dealing and related party transactions with or involving the Corporation in 2021.

The Company shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to Empire East Land Holdings, Inc., Attention: The Corporate Secretary, 2F Tower 2, Kasara Urban Resort Residences P. Antonio St., Barangay Ugong, Pasig City 1604

ANNEX "A"

EMPIRE EAST LAND HOLDINGS, INC.

Procedures and Requirements for Voting and Participation in the 2022 Annual Stockholders' Meeting

To conform with the government's regulations on social distancing and prohibition on mass gatherings and to protect the safety of its stockholders during the COVID-19 pandemic crisis, Empire East Land Holdings, Inc. (the "Company") will dispense with the physical attendance of its stockholders for the 2022 Annual Stockholders' Meeting (ASM). Instead, the Company will conduct the 2022 ASM scheduled on 21 June 2022 at 9:00 AM by remote communication and will conduct electronic voting *in absentia*.

Only stockholders of record as of 24 May 2022 are entitled to participate and vote in the 2022 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2022 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of 06 June 2022 until 5:00 PM of 09 June 2022 to signify his/her/its intention to participate in the 2022 ASM by remote communication. The registration steps and requirements are available the Company's website: http://empire-east.com/asm2022.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at corporatesecretary@empire-east.com:

B.1 For Individual Stockholders –

(i) Scanned copy of stock certificate issued in the name of the individual stockholder;
(ii) Valid email address and active contact number;
(iii) Scanned copy of valid government-issued identification card; and
(iv) Recent photo of the stockholder.

B.2 For Stockholders with Joint Accounts –

(i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
(ii) Scanned copy of the stock certificate issued in the name of the joint stockholders;
(iii) Valid email address and active contact number of the authorized stockholder;
(iv) Scanned copy of valid government-issued identification card of the authorized stockholder; and
(v) Recent photo of the authorized stockholder.

B.3 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

(i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
(ii) Broker's Certification on the stockholder's number of shareholdings;
(iii) Valid email address and active contact number of the stockholder;
(iv) Scanned copy of valid government-issued identification card of stockholder; and
(v) Recent photo of the stockholder.

B.4 For Corporate Stockholders –

(i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
(ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
(iii) Valid email address and active contact number of authorized representative;
(iv) Valid government-issued identification card of authorized representative; and

(v) Recent photo of the stockholder.

C. The documents submitted will then be verified 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 Company's electronic voting and to access the ASM livestreaming link.

II. ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2022 ASM through electronic voting *in absentia*. The deadline for registration is 5:00 PM of **09 June 2022**. Beyond this date, stockholders may no longer avail of the option to electronically vote *in absentia.*

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

(1) 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.

(2) 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 or it owns.

(3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corporatesecretary@empire-east.com.

(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

C. Thereafter, the Office of the Corporate Secretary, through election inspectors appointed for the meeting, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies, subject to validation by representatives of the Company's external auditors.

D. Registered stockholders shall have until 5:00 PM of **09 June 2022** to cast their votes *in absentia.* Stockholders will not be allowed to cast votes during the live stream of the 2022 ASM.

III. VOTING BY PROXY

A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at http://empire-east.com/asm2022.

B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at http://empire-east.com/asm2022. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders - Download the proxy form that is available at http://empire-east.com/asm2022. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form. For reference, a sample Secretary's Certificate is also available at http://empire-east.com/asm2022.

D. General Instructions on Voting by Proxy:

(1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.

(2) Send the scanned copy of the duly executed proxy form via email to corporatesecretary@empire-east.com or submit the original proxy form to the Office of the Corporate Secretary at 2F Tower 2, Kasara Urban Resort Residences P. Antonio St., Barangay Ugong, Pasig City 1604.

(3) Deadline for the submission of proxies is 5:00 PM of 09 June 2022.

(4) Validation of proxies will be on 11 June 2022.

(5) If a stockholder avails of the option to cast his/her vote electronically *in absentia* and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

A. Only duly registered stockholders will be included in determining the existence of a quorum.

B. Duly registered stockholders may send their questions and/or comments prior to the ASM through email at corporatesecretary@empire-east.com. The deadline for submitting questions shall be at 5:00 PM of 09 June 2022.

C. The proceedings during the 2022 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at corporatesecretary@empire-east.com.

ANNEX “B”

Disclosure Requirements Under Section 49 of the Revised Corporation Code

List of Required Information	Reference Material
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	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 08 June 2021 which may be viewed and/or downloaded at the website of the Corporation at https://www.empire-east.com/
(2) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 08 June 2021 which may be viewed and/or downloaded at the website of the Corporation at https://www.empire-east.com/
(3) The matters discussed and resolutions reached;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 08 June 2021 which may be viewed and/or downloaded at the website of the Corporation at https://www.empire-east.com/
(4) A record of the voting results for each agenda item;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 08 June 2021 which may be viewed and/or downloaded at the website of the Corporation at https://www.empire-east.com/
(5) A list of the directors or trustees, officers and stockholders or members who attended the meeting;	Please refer to the Minutes of the Annual Meeting of the Stockholders held on 08 June 2021 which may be viewed and/or downloaded at the website of the Corporation at https://www.empire-east.com/
b) A members’ list for stock corporations, material information on the current stockholders, and their voting rights;	Please refer to Page 22 of this Definitive Information Statement.
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;	Please refer to Page 19 of this Definitive 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;	Please refer to the attached Audited Financial Statements for the fiscal year ended 31 December 2021 which can be accessed at the website of the Corporation at https://www.empire-east.com/
e) An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof;	Please refer to Page 23 of this Definitive Information Statement.
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;	Please refer to Page 24 of this Definitive 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	Please refer to Page 46 of this Definitive Information Statement.

committees and in regular or special stockholder meetings;	
h) Appraisals and performance reports for the board and the criteria and procedure for assessment;	Please refer to the Corporate Governance Manual at the website of the Corporation at https://www.empire-east.com/
i) A director or trustee compensation report prepared in accordance with the Revised Corporation Code and the rules the Commission may prescribe;	Please refer to Page 13 of this Definitive Information Statement.
j) Director disclosures on self-dealings and related party transactions;	Please refer to Page 12 of this Definitive Information Statement.
k) The profiles of directors nominated or seeking election or reelection.	Please refer to Page 24 of this Definitive Information Statement.

EMPIRE EAST LAND HOLDINGS, INC.
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
08 June 2021 / 9:00 a.m.
Conducted virtually via https://www.empire-east.com/asm2021

Present:

Andrew L. Tan	-	Chairman
Anthony Charlemagne C. Yu	-	President
Evelyn G. Cacho	-	Director
Enrique Santos L. Sy	-	Director
Kevin Andrew L. Tan	-	Director
Alejo L. Villanueva, Jr.	-	Independent Director
Cresencio P. Aquino	-	Independent Director
Dennis E. Edaño	-	Corporate Secretary / Presiding Officer

Also Present:

Celeste Z. Sioson-Bumatay	-	Acting Secretary

I. CALL TO ORDER

Atty. Dennis E. Edaño, the Corporate Secretary and Presiding Officer, called the meeting to order at 9:00 a.m. and presided over the meeting. The Acting Secretary, Atty. Celeste Z. Sioson-Bumatay, recorded the proceedings of the meeting.

II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Presiding Officer stated that the Management of the Company decided to hold this year's Annual Stockholders' Meeting (the "Meeting") by live streaming as allowed under the Company's Amended By-Laws and the Revised Corporation Code, and to conform to the government's existing regulations on physical distancing and restrictions on mass gatherings. The Management adopted measures to afford the stockholders the opportunity to participate in the Meeting as effectively as a physical meeting.

Atty. Sioson-Bumatay certified that all stockholders of record as of 10 May 2021 have been notified of this meeting pursuant to the Company's Amended By-Laws and applicable SEC Circulars. Copies of the Notice of the Annual Meeting, the Agenda, and the Definitive Information Statement were made available through the Company's website and the PSE Electronic Disclosure Generation Technology or PSE EDGE. The Notice of the Annual Meeting was also published in the Philippine Daily Inquirer and the Philippine Star on 17 and 18 May 2021. Atty. Sioson-Bumatay also certified that there exists a quorum to transact the business in the agenda for today's meeting, there being present in person or represented by proxy stockholders holding 83.21% of the entire subscribed and outstanding capital stock of the Company.

Atty. Sioson-Bumatay certified that only stockholders who have successfully registered may participate in the Meeting. Moreover, the Secretary explained the Procedures for *Registration*, *Voting* and *Participation* in the Meeting which were contained in the Definitive Information Statement and implemented as follows:

1. Stockholders signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary;

2. Stockholders who have registered have sent their questions and/or comments prior to the meeting through email at asm2021@empire-east.com until 6:00pm of 4 June 2021. Some questions or comments received would be taken up after the election of directors; and

3. The resolutions proposed to be adopted at this meeting will be shown on the screen.

III. APPROVAL OF MINUTES OF THE PREVIOUS ANNUAL MEETING

The Presiding Officer then proceeded with the approval of the minutes of the annual stockholders' meeting held on 15 July 2020, and informed the stockholders that the copy of the minutes of the 2020 Annual Meeting have been made available through the Company's website.

The Acting Secretary announced that 100% of the voting shares represented in the Meeting have voted in favor of the approval of the minutes of the annual stockholders' meeting held on 15 July 2020.

IV. ANNUAL REPORT OF THE MANAGEMENT

The President, Mr. Anthony Charlemagne C. Yu, delivered the Management's Message to the Stockholders, as follows:

CHALLENGES TODAY, OPPORTUNITIES FOR TOMORROW

Dear Stockholders, Members of the Board, Officers of the Company, Ladies & Gentlemen, Good Day!

The Year 2020 has brought us unprecedented challenges when the COVID-19 pandemic hit almost all businesses across different industries. The real estate market, particularly the residential sector, has not been spared by the economic blow, but figures show how your Company has solidified the trust from our homebuyers in the face of the pandemic.

PERFORMANCE AMIDST PANDEMIC

With close to 9% growth in booked sales compared to the previous year, our performance for the year still indicates the resiliency of Empire East and its stakeholders amid these troubled times.

This result was due to an extensive transmutation program that we have implemented, enabling your Company to perform productively in the new normal and effectively positioning its residential developments as an essential and valuable product both for end-users and investors.

The breakthrough lifestyle concepts we pioneered, such as the "live-work-play township model", loft-type homes, micro-cities, transit-oriented developments, urban resorts, as well as our zero down payment schemes, were bold moves as responses to several crises and setbacks. We have always been adaptive, sustainable, and resilient through the years. One of the major hallmarks of your Company for these past 27 years is our ability to come out of every crisis much stronger than before. Your Company remains on track with our goals through proactive measures that follow our future-proof roadmap.

CHALLENGES AND ACTIONS

Prolonged regional lockdowns, travel restrictions, reduced OFW remittance inflows, and lower business consumer confidence are the key factors that caused unsettling fear to the real estate market. Remittances from OFWs diminished in 2020 compared to the previous year. Further, our economy suffered from a contraction in 2020, while we observed some spikes in our inflation rate.

As we faced uncertainties throughout the year, one of our immediate responses was to leverage our digital assets to make our daily operations more seamless and efficient, while responding to the demands of the market for a safer and faster way of doing business.

Thus, we embarked on a Transmutation Plan that encompasses three core aspects of our business operation: People, Process, and Projects. We realigned our resources according to the requirements of the new normal, and we have set - as our primary objective- the transmutation of Empire East as one of the first digitally-transformed and technologically-efficient companies in the industry.

Our Company considers its People as an indispensable asset. Most of our employees and salespeople were given the opportunity to adopt a work-from-home set-up that kept them safe from health risks and which resulted to reduced overhead costs for operations. Customized

Telecommuting Approaches were implemented depending on each personnel's roles and functions; and activities for continuous growth and wellness have been conducted.

We reengineered our Processes by streamlining the procedures and expediting the flow of transactions through full digitalization or automation.

Lastly, we recalibrated our services and targets related to our Projects, both internally and externally. We wanted to ensure that amidst the deferment of the original timetable in each development, the Company would be able to satisfactorily deliver its commitment and consistently sustain the trust of its stakeholders.

The erratic times brought by the pandemic have hurled huge waves on our operations because of the combination of: a proactive management, essential and well-conceived product offerings, crisis-resilient communities, an intelligent market, and adaptable employees, we remain a very vigorous Company that is on track with our goals.

WE CONTINUE TO RISE

Empire East continues to pave its way towards progress as we take further steps in developing our largest project to date—the 24-hectare Empire East Highland City along Felix Avenue in the boundary of Pasig City and Cainta, Rizal. Since we launched the project, it has become one of the most popular and sought-after projects among Philippine homebuyers. The high-rise towers of its first residential phase, Arcadia, are enjoying brisk sales and will soon be completely sold out. This 37-tower project is one of the most promising real estate developments in the country today because of its nature-themed development as well as the news on the opening of new infrastructure projects nearby, like the much anticipated LRT-2 East extension and the upcoming MRT-4.

Alongside Empire East Highland City, we are happy to report an increase in sales for our 4-tower premier residential development in Mandaluyong City, The Paddington Place, during 2020 up to the first months of 2021.

Meanwhile, Empire East communities remain resilient and responsive amidst the current adversity. On top of ensuring strict adherence to safety protocols within the neighborhood, in our developments in Pioneer Woodlands in Mandaluyong City, San Lorenzo Place in Makati City, Little Baguio Terraces in San Juan City, Kasara Urban Resort Residences and The Rochester in Pasig City, Cambridge Village in the Pasig-Cainta area, and California Garden Square in Mandaluyong City, residents of all these developments have kept the Bayanihan spirit alive through their initiatives to help our fellowmen. This proves that owning an Empire East home from one of our communities is a great way to combat fear and anxiety from any pandemic or other calamities.

Further, in early 2020, together with our affiliates under the Alliance Global Group, Empire East pledged to build sustainable cities and communities in line with the United Nations (UN) Sustainable Development Goals. Such commitment can be delivered through our township development Empire East Highland City, and many other upcoming projects. We also vowed to utilize renewable energy, lessen carbon footprint, create more job opportunities, and fight for gender equality in our workplace.

A NEW ERA AHEAD

If crises prepared us for growth, this pandemic is preparing us for the future. We have announced during our 25th anniversary that we have lived up to generations as a strong "homebuilder brand" of unparalleled communities throughout the years.

We have proven that despite harsh conditions, your Company has remained very proactive, while your Company's products have proven to be crisis-proof, and our communities continue to be among the most resilient.

We have once again proven that we do not just build homes. We offer protection and provision and a chance for nourishment for the future lifestyle of our stakeholders.

Together with all our stakeholders, we continue to re-imagine the future of Empire East—one that is sustainable in both its operational efficiency and its product development so that we can continue to provide safer and more caring homes for the Filipino people. With confidence, we march with you as we work through today's challenges and transform them into opportunities for tomorrow.

Thank you, and please be safe.

V. APPOINTMENT OF EXTERNAL AUDITORS

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of Punongbayan & Araullo as independent auditors of the Company for the audit of its financial statements for the year ending 31 December 2021.

The Acting Secretary certified that 100% of the voting shares represented in this meeting have voted in favor of the engagement of Punongbayan & Araullo as external auditors for the fiscal year ending 31 December 2021.

VI. AMENDMENT OF THE THIRD ARTICLE OF THE AMENDED ARTICLES OF INCORPORATION

The Presiding Officer informed the stockholders that the next item on the agenda was the approval of the proposed amendments to the Third Article of the Amended Articles of the Incorporation to change its principal office address.

The Acting Secretary certified that 100% of the voting shares represented in the Meeting have voted in favor of the adoption of the resolution amending the Third Articles of the Amended Articles of the Incorporation to change its principal office address.

VII. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT

The Presiding Officer proposed the ratification of all acts and resolutions of the Board of Directors, Board Committees and Management since the date of last year’s annual stockholders’ meeting held on 15 July 2020 and until 7 June 2021. A list of such acts was provided in the Definitive Information Statement distributed to the stockholders.

The Acting Secretary submitted for ratification are all acts and resolutions of the Board of Directors, Board Committees and Management, which were duly adopted in the ordinary course of business from 15 July 2020 until 7 June 2021. The Acting Secretary also reported that 99% of the voting shares represented in this meeting have voted in favor of this resolution.

VIII. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that the Company shall be electing seven (7) directors, at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Company’s Revised Manual of Corporate Governance.

On behalf of the Corporate Governance Committee, Atty. Amiel Victor A. Asuncion presented the Final List of Nominees to the Board of Directors, as follows: Dr. Andrew L. Tan, Mr. Anthony Charlemagne C. Yu, Mr. Kevin Andrew L. Tan, Mrs. Evelyn G. Cacho and Mr. Enrique Santos L. Sy for regular directors, and Mr. Cresencio P. Aquino and Mr. Alejo L. Villanueva for independent directors. Furthermore, Atty. Asuncion reported that the nominees for election as directors of the Company possess all the qualifications and none of the disqualifications to hold office as directors of the Company.

The Acting Secretary presented the voting results and certified that each of the nominees have garnered at least 99% of the voting shares represented in the Meeting. Since there were only seven nominees to the Board and considering the absence of objections, all the seven (7) nominees were elected to the Board of Directors.

IX. OTHER MATTERS/OPEN FORUM

In the succeeding pages is a summary of the questions from the stockholders and the corresponding answers that were given:

Question: Can you claim that your brisk sales in 2020 can also be attributed to the anticipation of market recovery by investors?

Answer: Yes, indeed. Property investors and speculators are definitely anticipating for the bouncing back of the industry and the economy. While most of our buyers remain to be end-users, we have a significant number of local investors who intelligently know that as soon as this pandemic is over, we will be able to recover. The real estate products they invested in today will surely have high returns in the very near future.

In fact, these type of buyers who anticipate market recovery are not only looking on the current prices which they project will increase significantly in the years ahead. They are also taking advantage of the flexible payment terms that we have been offering since the pandemic in order to assist our buyers in times of need.

So, in response to your question, the answer is – Yes, the brisk sales in 2020 can be attributed to the anticipation of market recovery by investors, and even end-users, who have an investor-mindset.

Question: Data says that OFW deployment dropped to 75% in 2020 compared to 2019, which is a record-low since 1990. There are also reports stating that numerous Overseas Filipinos have lost their jobs abroad due to the pandemic, and many have already been repatriated. Did this affect the Company's sales production to this particular market niche, as well as the incoming payments from previous OFW buyers?

Answer: I trust that your data is correct, and we would not dispute the drop in OFW deployment in 2020 due to this unprecedented pandemic of our time, as we mentioned in our Message.

Since a significant segment of the Philippine residential market is comprised of OFWs, any reduction in OFW deployment can cause a tectonic shift in the Philippine real estate market.

But as far as Empire East is concerned, we have not directly felt the negative impact of a lower OFW deployment last year. As our salesforce shifted to digital, we were in fact able to explore more opportunities to tap this market abroad through online platforms. We have received an increased number of inquiries and successfully booked additional sales from OFWs due this digital shift.

The majority of our OFW buyers with us have opted to continue their monthly amortizations despite the provision in the BAYANIHAN Act to defer payments. There are a few cases of collection deferments but the successful restructuring of these few accounts have effectively minimized the cases of delinquent accounts. At the start of 2021, we can already say that inflow of cash payments has returned back - close to normal.

Question: Several Empire East communities were identified to be resilient and responsive amidst the pandemic, citing efforts to help our fellowmen. Could you share with us what specifically are these efforts and how do these events impact the Company?

Answer: In the residential developments mentioned earlier, at the onset of the strict lockdown in early 2020, our residents and tenants have mobilized themselves to provide food, toiletries and other basic daily necessities to the community frontliners such as the security guards, maintenance personnel and even property admin staff who had opted to stay in the project sites for days and weeks in order to serve the community better.

Even before community pantries have become a trend in 2021, our communities in our different projects have already set up the pantry concept, which would allow one to give what one can and to get what another needs among residents of the same project. Today, several projects have also put up community pantries to reach out beyond their own communities, and we strongly encourage and support these initiatives of the Property Management Group and many of our Homeowners' Associations.

Such generous acts of our own residents prove that living in Empire East communities exemplifies solidarity in fighting against the pandemic. Aside from strictly following safety protocols, it showcases the fact that the spirit of Bayanihan enables homeowners to stand together, ready to help their neighbors and our countrymen get by and get through this difficult time. This innate kindness shown by Filipino during this pandemic turned the very thing we fear into an opportunity for optimism… for hope. The virus that supposedly kept us socially distant instead kept us on our feet serving and caring for one another. Its main impact to the workers of our Company is the realization of the kind of successful communities we have developed, which serves as our inspiration to create more loving and caring communities as we move forward.

Question: Will there be significant delays in the turnover of your projects?

Answer: I think it is common knowledge that the numerous lockdowns that we have been experiencing have hampered the continuous progress of the construction development onsite of all developers. As a consequence, there have been movements in the construction timetable.

Depending on how this pandemic pans out, the Company will adjust based on the dictates of the government and health authorities.

Much as we would like to expedite the completion of the projects, the health and safety of the community is a more important consideration as we plan forward.

We just wish to assure all our loyal clients that Empire East stands tall in our track record of completing every single project we have committed to develop for the past 27 years, despite the numerous crises we had to weather all these years. It is a commitment we live by, and it is a promise we shall fulfill.

X. ADJOURNMENT

There being no other matters to be discussed, the Meeting was adjourned at 9:41 A.M.

CERTIFIED TRUE & CORRECT:

(SGD.) CELESTE Z. SIOSON-BUMATAY
Acting Secretary

ATTESTED BY:

(SGD.) ANTHONY CHARLEMAGNE C. YU
President

(SGD.) DENNIS E. EDAÑO
Presiding Officer

AUDITED FINANCIAL STATEMENTS

OF EMPIRE EAST LAND HOLDINGS, INC.

AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2021 and 2020** 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 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 to do so.

The Board of Directors is responsible for overseeing the 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

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

EVELYN G. CACHO
Chief Financial Officer

SUBSCRIBED AND SWORN to me before this APR 1 1 2022 of 2022 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Evelyn G. Cacho	127-326-686

Doc. No. 296
Page No. 61
Book No. 16
Series of 2022

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 204 (2021-2022)
IBP O.R. No. 132184 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. [illegible] / Roll No. [illegible] / TIN# 120-871-009
MCLE No. VI-[illegible] valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.

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FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2021, 2020 and 2019

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

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

Opinion

We have audited the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

APR 13 2022

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 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruption brought by the COVID-19 pandemic.

Also, we draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements.

Our opinion is not modified in respect of these matters.

Key Audit Matter

Key audit matter, in our professional judgment, is that matter of most significance in our audit of the consolidated financial statements of the current period. This matter is 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 such matter.

Revenue Recognition on Real Estate Sales and Determination of Related Costs of Real Estate Sales and Real Estate Inventories

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 P3.6 billion or 79.9% of consolidated Revenues and Income while costs of real estate sales amounted to P2.2 billion or 59.6% of consolidated Cost and Expenses for the year ended December 31, 2021, and costs of real estate inventories amounted to P21.7 billion or 47.0% of consolidated Total Assets as of December 31, 2021. Areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, and measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized, while areas affected by the determination of related costs, which also require significant judgement and estimates, include determining the amount of actual costs incurred as cost of real estate sales, and determining and assessing for any possible impairment on the real estate properties as of year-end. 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 and real estate inventories 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 20, respectively, to the consolidated financial statements while the breakdown of real estate inventories are disclosed in Note 7 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 an understanding of the cost determination policy regarding the real estate inventories and expenditures, together with the significant business processes of the Group related to these policies.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition and cost determination policies and processes include understanding the policies and procedures applied to revenue recognition and cost determination, as well as compliance therewith, including an assessment of the design and operating effectiveness of controls related to revenue recognition and cost determination processes employed by the Group, including relevant information technology general controls. We also performed tests on accuracy and completeness of supporting contracts, examination of supporting documents of sample of agreements and expenditures and performed overall analytical review of actual results.

In addressing the risks of material misstatements in revenue recognition, we have performed inspection of sample agreements for compliance with a set of criteria for revenue recognition and test of controls over contract approval. With respect to the timing of recognition of revenues based on the percentage of amount collected from customers, we have also 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 behaviour.

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 include test of controls over recognition and allocation of costs per project and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent 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 and real estate inventories, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts. We have also recomputed for the reasonableness of capitalized borrowing costs of the Group that formed part of the real estate inventories. In terms of assessment and determination for any possible impairment losses on the real estate inventories, we have tested the reasonableness of the selling prices of the real estate inventories per project related to the current market trend and prices of similar properties, less possible related costs to sell.

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, 2021 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, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

APR 13 2022

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.

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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 audit resulting in this independent auditors' report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

APR 13 2022

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 3,389,416,319	P 2,129,720,752
Trade and other receivables - net	6	8,369,704,280	7,442,172,940
Contract assets	19	1,758,022,623	2,373,434,910
Advances to related parties	25	4,747,775,842	4,428,734,137
Real estate inventories	7	21,711,433,906	23,424,845,196
Prepayments and other current assets		806,697,644	714,844,084
Total Current Assets		40,783,050,614	40,513,752,019
NON-CURRENT ASSETS			
Trade and other receivables	6	2,371,548,731	2,132,911,294
Contract assets	19	294,925,623	15,340,770
Financial asset at fair value through other comprehensive income	8	1,328,680,000	1,193,560,000
Advances to landowners and joint ventures	9	237,419,388	226,428,530
Investment in an associate	10	279,556,412	275,482,240
Property and equipment - net	11	144,934,008	251,102,397
Intangible asset - net	12	116,628,807	122,100,528
Investment properties - net	13	643,119,509	671,138,058
Other non-current assets		5,190,893	5,190,893
Total Non-current Assets		5,422,003,371	4,893,254,710
TOTAL ASSETS		P 46,205,053,985	P 45,407,006,729

	Notes		2021		2020
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14	P	250,000,000	P	933,333,352
Trade and other payables	15		1,821,485,322		1,196,578,156
Lease liabilities	17		-		35,797,100
Customers' deposits	16		4,460,628,774		5,146,952,008
Advances from related parties	25		5,495,817,845		5,237,759,982
Contract liabilities	19		128,793,174		50,028,890
Other current liabilities	18		888,812,921		930,653,138
Total Current Liabilities			13,045,538,036		13,531,102,626
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14		1,000,000,000		250,000,000
Contract liabilities	19		151,776,866		167,639,547
Lease liabilities	17		-		23,847,101
Retirement benefit obligation	23		136,639,807		201,252,634
Deferred tax liabilities - net	24		1,877,969,161		2,212,214,170
Total Non-current Liabilities			3,166,385,834		2,854,953,452
Total Liabilities			16,211,923,870		16,386,056,078
EQUITY					
Attributable to the Parent Company's stockholders					
Capital stock	26		14,803,455,238		14,803,455,238
Additional paid-in capital	26		4,307,887,996		4,307,887,996
Treasury stock - at cost	26	(	102,106,658)	(	102,106,658)
Revaluation reserves	8, 23, 26		650,475,278		475,160,800
Other reserves	2	(	292,118,243)	(	292,118,243)
Retained earnings	26		7,828,581,967		7,023,040,535
Total equity attributable to the Parent Company's stockholders			27,196,175,578		26,215,319,668
Non-controlling interests			2,796,954,537		2,805,630,983
Total Equity			29,993,130,115		29,020,950,651
TOTAL LIABILITIES AND EQUITY		P	46,205,053,985	P	45,407,006,729

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES AND INCOME				
Real estate sales	19	P 3,622,807,512	P 4,262,092,080	P 3,932,469,219
Finance income	22	409,859,311	340,546,947	295,402,422
Rental income	13, 28	82,369,787	78,556,703	154,471,033
Commission income	25	45,075,231	90,004,074	134,220,853
Equity share in net earnings of an associate	10	4,074,172	-	-
Other income	21	370,652,690	339,155,656	624,851,216
		4,534,838,703	5,110,355,460	5,141,414,743
COSTS AND EXPENSES				
Cost of real estate sales	20	2,228,701,691	2,537,176,895	2,192,214,309
Salaries and employee benefits	23	410,112,022	407,950,300	471,180,266
Finance costs	22	367,358,500	338,334,620	333,571,480
Commissions	19	237,184,791	321,160,515	361,167,537
Advertising and promotion		186,757,740	198,647,114	235,141,247
Taxes and licenses	13	142,700,549	74,549,635	153,079,327
Depreciation and amortization	11, 12, 13	69,477,080	109,957,448	111,369,197
Association dues		62,223,314	110,962,722	86,219,833
Travel and transportation		43,151,070	41,795,214	91,164,927
Equity share in net losses of an associate	10	-	6,592,537	3,830,936
Other expenses	21	169,794,068	184,321,786	180,251,632
Income taxes	24	(179,711,192)	253,964,347	306,660,741
		3,737,749,633	4,585,413,133	4,525,851,432
NET PROFIT		797,089,070	524,942,327	615,563,311
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently through profit or loss:				
Fair value gains (losses) on financial assets at FVOCI	8	135,120,000	(119,356,000)	(27,024,000)
Remeasurements on retirement benefit	23	42,317,621	16,956,951	(37,760,426)
Tax income (expense)	24	(2,347,227)	(5,317,683)	11,535,073
		175,090,394	(107,716,732)	(53,249,353)
TOTAL COMPREHENSIVE INCOME		P 972,179,464	P 417,225,595	P 562,313,958
Net profit (loss) attributable to:				
Parent company's shareholders		P 805,765,516	P 531,433,225	P 622,021,871
Non-controlling interest		(8,676,446)	(6,490,898)	(6,458,560)
		P 797,089,070	P 524,942,327	P 615,563,311
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		P 980,855,910	P 423,927,873	P 568,582,818
Non-controlling interest		(8,676,446)	(6,702,278)	(6,268,860)
		P 972,179,464	P 417,225,595	P 562,313,958
EARNINGS PER SHARE - Basic and Diluted	27	P 0.055	P 0.036	P 0.042

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

	Attributable to Parent Company's Shareholders									
	Capital Stock (see Note 26)	Additional Paid-in Capital	Treasury Stock (see Note 26)	Revaluation Reserves (see Notes 8, 23 and 26)	Other Reserves (see Notes 2 and 26)	Retained Earnings (see Note 26)	Total	Non-controlling Interests	Total
Balance at January 1, 2021	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 475,160,800	(P 292,118,243)	P 7,023,040,535	P 26,215,319,668	P 2,805,630,983	P 29,020,950,651
Total comprehensive income for the year	-	-	-	175,090,394	-	805,765,516	980,855,910	(8,676,446)	972,179,464
Transfer of reserves to earnings	-	-	-	224,084	-	(224,084)	-	-	-
Balance at December 31, 2021	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 650,475,278**	**(P 292,118,243)**	**P 7,828,581,967**	**P 27,196,175,578**	**P 2,796,954,537**	**P 29,993,130,115**
Balance at January 1, 2020	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 582,666,152	(P 292,118,243)	P 6,491,607,310	P 25,791,391,795	P 2,812,333,261	P 28,603,725,056
Total comprehensive income for the year	-	-	-	(107,505,352)	-	531,433,225	423,927,873	(6,702,278)	417,225,595
Balance at December 31, 2020	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 475,160,800	(P 292,118,243)	P 7,023,040,535	P 26,215,319,668	P 2,805,630,983	P 29,020,950,651
Balance at January 1, 2019	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 636,105,205	(P 385,961,343)	P 5,869,585,439	P 25,128,965,877	P 2,558,719,887	P 27,687,685,764
Total comprehensive income for the year	-	-	-	(53,439,053)	-	622,021,871	568,582,818	(6,268,860)	562,313,958
Changes in ownership interest in subsidiaries	-	-	-	-	93,843,100	-	93,843,100	259,882,234	353,725,334
Balance at December 31, 2019	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 582,666,152	(P 292,118,243)	P 6,491,607,310	P 25,791,391,795	P 2,812,333,261	P 28,603,725,056

See Notes to Consolidated Financial Statements

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 617,377,878	P 778,906,674	P 922,224,052
Adjustments for:				
Finance income	22	(409,859,311)	(340,546,947)	(295,402,422)
Finance costs	22	367,358,500	338,334,620	333,571,480
Depreciation and amortization	11, 12, 13	69,477,080	109,957,448	111,369,197
Loss on retirement of property and equipment	11	47,388,165	-	-
Gain on write-off of retirement benefits	23	(7,781,159)	-	-
Gain on derecognition of lease liabilities	17	(4,119,620)	(9,005,501)	-
Equity share in net losses (income) of an associate	10	(4,074,172)	6,592,537	3,830,936
Gain on sale of property and equipment	11	(66,002)	(171,628)	(123,214)
Operating profit before working capital changes		675,701,359	884,067,203	1,075,470,029
Increase in trade and other receivables		(1,065,070,492)	(871,260,896)	(1,767,272,686)
Decrease (increase) in contract assets		335,827,434	(436,897,101)	738,192,213
Increase in advances to related parties		(50,764,690)	(68,039,439)	(983,862,792)
Decrease (increase) in real estate inventories		1,722,349,155	1,846,866,138	(332,266,650)
Increase in prepayments and other current assets		(91,853,560)	(28,435,202)	(104,949,282)
Increase in advances to landowners and joint ventures		(10,990,858)	(124,505)	(83,845,973)
Decrease in other non-current assets		-	-	887,940
Increase (decrease) in trade and other payables		594,682,786	(501,170,674)	(107,812,397)
Increase (decrease) in contract liabilities		62,901,603	89,348,296	(25,633,278)
Increase (decrease) in customers' deposits		(686,323,234)	378,472,259	1,497,068,614
Increase (decrease) in other current liabilities		(41,840,217)	(9,075,646)	126,300,350
Decrease in retirement benefit obligation		(21,058,093)	(141,858,528)	(18,792,172)
Cash generated from operations		1,423,561,193	1,141,891,905	13,483,916
Interest received from receivables		28,313,297	59,822,685	47,098,560
Cash paid for income taxes		(156,881,044)	(75,928,181)	(203,211,847)
Net Cash From (Used in) Operating Activities		1,294,993,446	1,125,786,409	(142,629,371)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from cash and cash equivalents	22	12,170,714	6,166,800	16,431,520
Acquisitions of property and equipment	11	(6,536,694)	(8,968,709)	(14,137,022)
Proceeds from the sale of property and equipment		66,002	242,064	123,214
Acquisition of additional ownership interest in an associate		-	-	(576,274,666)
Net Cash From (Used in) Investing Activities		5,700,022	(2,559,845)	(573,856,954)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans and borrowings	14, 33	1,000,000,000	500,000,000	-
Payments of interest-bearing loans and borrowings	14, 33	(933,333,352)	(733,333,333)	(640,069,797)
Repayments of advances from related parties	25, 33	(62,633,982)	(76,990,281)	(79,581,067)
Interest paid	15, 33	(53,555,195)	(64,977,678)	(125,733,749)
Proceeds from additional advances from related parties	25, 33	8,524,628	250,329,321	13,129,665
Repayments of lease liabilities	17, 33	-	(13,866,415)	(52,824,440)
Proceeds from subscription of non-controlling interest		-	-	930,000,000
Net Cash From (Used in) Financing Activities		(40,997,901)	(138,838,386)	144,920,612
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,259,695,567	984,388,178	(571,565,713)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,129,720,752	1,145,332,574	1,816,898,287
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,389,416,319	P 2,129,720,752	P 1,145,332,574

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses, and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of December 31, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership 2021	2020	2019
Subsidiaries:				
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100.00%**	100.00%	100.00%
Valle Verde Properties, Inc. (VVPI)	(b)	**100.00%**	100.00%	100.00%
Sherman Oak Holdings, Inc. (SOHI)	(b)	**100.00%**	100.00%	100.00%
Empire East Communities, Inc. (EECI)	(c)	**100.00%**	100.00%	100.00%
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	**100.00%**	100.00%	100.00%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	**72.50%**	72.50%	72.50%
Sonoma Premier Land, Inc. (SPLI)	(b)	**60.00%**	60.00%	60.00%
Pacific Coast Megacity, Inc. (PCMI)	(f)	**40.00%**	40.00%	20.00%
Associate –				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47.00%**	47.00%	47.00%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.

(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of December 31, 2021.

(c) Subsidiary incorporated in prior year but ceased its operations as a marketing arm of real estate properties in 2014.

(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.

(e) Subsidiary primarily engaged in operating a school for primary and secondary education. However, the subsidiary will temporarily cease its operations in the succeeding year.

(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method.

The registered office address, which is also the place of operations, of the Company's subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 12th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City. Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor, 1880 Building Eastwood City E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100.00% and 72.50% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of December 31, 2021 and 2020 and shown as part of Intangible Assets – net account in the consolidated statements of financial position (see Note 12).

In 2015, the Company invested in PCMI amounting to P877.8 million in exchange for 750,000,000 shares, representing 20.00% ownership interest in the said company. In 2018, the Company has obtained de facto control over PCMI; hence, the investment is accounted for as an investment in a subsidiary. Further, in 2019, the Company obtained additional shares of PCMI, increasing its ownership interest to 40.00%.

Megaworld Corporation (Megaworld or Parent company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 68.56% owned by Alliance Global Group, Inc. (AGI), the Company's Ultimate Parent company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

On April 26, 2021, the Board of Directors (BOD) had approved the change of the Company's registered office and principal place of business from 12th Floor of Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City to 2nd Floor of Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City. The amendment was approved by the SEC on September 6, 2021. The related approval from the Bureau of Internal Revenue was obtained on November 10, 2021.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

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

The Corona virus disease (COVID-19) pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these consolidated financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In 2020 and 2021, the Group has taken the following measures to mitigate the adverse effects of the COVID-19 pandemic to the Group's business.

- implemented flexible and remote working arrangements for employees;
- negotiated for longer payment terms from suppliers and implemented cost-savings measures such as relocation of certain offices to Company-owned properties to manage the Group's cash flows;
- additional administrative expenses were incurred to ensure the health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for employees reporting to the offices;
- deferred scheduled price increases, offered discounts and flexible payment terms combinations to accommodate more buyers;
- implemented transmutation to online selling with the use of virtual platforms and video materials for project walkthroughs and condo tours for client presentations, and a fully digitized reservation process;
- launched a digital payment platform to enable customers to pay online;
- obtained lower-cost funding through bank financing to support its business operations, such as financing capital expenditures and refinancing of loans, and maintaining its cash preservation objective; and,
- undertook an intensive vaccination program to protect the employees and eligible dependents against COVID-19.

The Group's operations were affected by the COVID-19 pandemic in 2021 as discussed below.

(a) Real Estate Sales

Real estate sales dropped by 15.00% given the restricted construction activities that led to the lower output. Other observations are presented below.

- sales recognized for the year mostly come from completed projects and continuous customer collections;
- construction activities were limited, if not suspended, during the enhanced community quarantine (ECQ) period and thereafter have slowly resumed in selected areas, and
- new project launches for 2021 were put on hold as work stoppage on-site could result in project completion risk.

(b) Lease of Commercial Spaces

Rental income yielded 4.85% higher primarily to the reopening as a consequence of relaxed quarantine guidelines increasing foot traffic. Although, the concession of rent and other related charges amounted to P25 million. Other observations are presented below.

- non-renewal and registered early termination and restructuring of lease contracts;
- various community quarantine measures resulted in the temporary mall closures except for essential establishments, resulting in limited foot traffic;
- during the ECQ, approximately 34% of the total leased out gross leasable area were unable to operate. Mall operations gradually resumed operations thereafter; and,
- waived rental charges of temporarily non-operating tenants in the mall and commercial centers during the ECQ period.

(c) Tuition and Miscellaneous Fees

Tuition and Miscellaneous Fees declined by 18.00% as compared to the 2020 figures due to lower enrolees for the school year 2021 - 2022. Other observations are presented below.

- no increase in school fees for the school year 2021 - 2022; and,
- teachers and instructors shifted to online learning, with the provision of additional annual subscriptions fees to online platforms.

Management will continue to take actions to continually improve the operations as the need arises. The management projects that the Group would continue to report positive results of operations and would remain liquid to meet the current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

1.3 Approval of the Consolidated Financial Statement

The consolidated financial statements of the Group as of and for the year ended December 31, 2021 (including the comparative consolidated financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Group's BOD on February 28, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The 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 in the succeeding pages. PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (BOA).

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

(b) *SEC Financial Reporting Reliefs Availed by the Group*

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

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

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

Relief	**Description and Implication**	**Deferral period**
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements: • interest expense would have been higher; • cost of real estate sales would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	Until end of 2023

Relief	Description and Implication	Deferral period
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*	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 do not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant. Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statement as there would have been a significant financing component when there is a difference between the 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.	Until end of 2023

Relief	Description and Implication	Deferral period
	This will impact the consolidated retained earnings, real estate sales, and profit or loss in 2021 and prior years. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the consolidated 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 all items of income, expenses, and other comprehensive income in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have 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.

(d) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the functional and presentation currency of the Group, 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 New and Amended PFRS

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

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

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

Discussed below are the relevant information about these pronouncements.

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

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

(b) Effective Subsequent to 2021 but not Adopted Early

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

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

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

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

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

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

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

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

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023).

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

(viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023).

(ix) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely).

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

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

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

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

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

  PIC Q&A No. 2020-03 concludes that the difference when the POC is ahead of the buyer's payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group assessed to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as part of the Contract Assets account, hence, the adoption did not have a significant impact on the 2021 consolidated financial statements.

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

  This PIC Q&A superseded PIC Q&A No. 2018-14. The interpretation provides three acceptable approaches in accounting for sales cancellation and repossession of the property as follows:

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

The Group assessed that it would account for cancellations of sales contracts and repossession of property as a modification of contract, hence, the adoption of this PIC Q&A did not have a significant impact on the Group's consolidated financial statements.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

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

The Group accounts for its investments in subsidiaries, associates, non-controlling interests and interests in joint ventures as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when (a) it has power over the entity, (b) it is exposed, or has rights to, variable returns from its involvement with the entity, and (c) it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Company obtains control.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.10).

(b) Investment in an Associate

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint arrangement. Investments in an associate are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in an associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investment in associates. All subsequent changes to the ownership interest in the equity of the associate are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Earnings (Losses) of Associates account in the Group's consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.17).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

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

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transactions with Non-controlling Interests

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

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss. The Group holds interests in various subsidiaries with non-controlling interests as presented in Note 10.

(d) Interests in Jointly Controlled Operations

For interests in jointly controlled operations, the Group recognizes in its consolidated financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expenses account of the Group.

No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint venture that are recognized in the separate financial statements of the joint operators.

2.4 Financial Instruments

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

(a) Financial Assets

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

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets are driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the classification and measurement of financial assets applicable to the Group are financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

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

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

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

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

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to suppliers and contractors and Advances to condominium associations included therein), Contract Assets and Advances to Related Parties in the consolidated statements of financial position.

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

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

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the consolidated statement of comprehensive income as part of Finance Income.

Financial Assets at FVOCI

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL).

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Any dividends earned on holding equity instruments are recognized in the consolidated statements of income as part of Finance Income, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcomes.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group also assesses the impairment of trade receivables and contract assets as they possess shared credit risk characteristics and have been group based on the days past due [see Note 29.2(b)].

The Group applies a general approach specifically, in relation to receivables from 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).

For cash and cash equivalents, 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 will be based on the lifetime ECL.

The Group determines whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

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

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

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

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

(iii) Derecognition of Financial Assets

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

(b) Financial Liabilities

Financial liabilities, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Lease liabilities, Advances from Related Parties and Other Current Liabilities (excluding Refund liability and Miscellaneous) are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges, except for capitalized borrowing costs, are recognized as an expense in profit or loss as part of Finance Costs account in the consolidated statement of comprehensive income.

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

Trade and other payables, advances from related parties and other financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments. The measurement for lease liabilities is disclosed in Note 2.14(a).

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

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

(c) Offsetting of Financial Instruments

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

2.5 Real Estate Inventories

Cost of real estate inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties (see Note 2.19). All costs relating to the real estate property sold under development are recognized as expense as the work to which they relate is performed. Meanwhile, all costs relating to completed real estate property sold are recognized once control of the property was transferred to the buyer.

Costs of real estate inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.6 Prepayments and Other Assets

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

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as other non-current assets.

2.7 Property and Equipment

Property and equipment, except for land, are stated cost less accumulated depreciation, amortization and any impairment in value. Land is stated at cost less any impairment in value. As the land has no finite useful life, it's related carrying amount is not depreciated.

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

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below. Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

Building and other improvements	5 to 25 years
Office furniture and equipment	3 to 5 years
Transportation equipment	5 years

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

2.8 Intangible Assets

Intangible assets include goodwill and acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite. Goodwill is classified as intangible asset with infinite life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses. In addition, intangible assets are subject to impairment testing as described in Note 2.17.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.9 Investment Properties

Investment properties consists of building and office and commercial units held for lease and a parcel of land held for capital appreciation. Land held for capital appreciation is measured at cost less any impairment while building and office and commercial units held for lease are stated at cost less accumulated depreciation and any impairment in value.

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

Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

Transfers to, or from, investment properties shall be made when and only when there is a change in use or purpose for such property.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in the consolidated statement of income in the year of retirement or disposal.

2.10 Business Combination

(a) Accounting for Business Combination using the Acquisition Method

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

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.17).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

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

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

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

(b) *Accounting of Business Combination using the Pooling-of-interests Method*

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 recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2; *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements, (Amended by PIC Q&A No. 2015-01and PIC Q&A No. 2018-13)*; hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as "equity reserves" (presented as Other Reserves in the equity section of the consolidated statement of financial position), which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

2.11 Provisions and Contingencies

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

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

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

2.12 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities and rendering of services.

To determine whether to recognize revenue, the Group follows a five-step process:

(a) Identifying the contract with a customer;
(b) Identifying the performance obligation;
(c) Determining the transaction price;
(d) Allocating the transaction price to the performance obligations; and,
(e) Recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

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

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

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

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

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The Group develops real properties such as 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 pre-completed real properties is disclosed in Note 3.1(b). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Group are as follows:

(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 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 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 Group.

(c) *Marketing and management 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.

(d) *Commission* – Revenue is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered to customers that are completed over time (i.e., end of each month).

(e) *Tuition and miscellaneous fees* – Revenue is recognized over time over the corresponding school term.

Incremental costs of obtaining a contract to sell real property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized (see Note 2.13). 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 for capitalized borrowing costs (see Note 2.19).

The costs of real estate sales include the acquisition cost of the land and development costs incurred for the project (see Note 2.5).

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(c)].

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 Groups 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 sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, consideration received from buyers is presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.13 Direct Contract Cost

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Group's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets in the consolidated statement of financial position (see Note 19.3). Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the consolidated statement of comprehensive income.

2.14 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured as if the new standard had been applied since commencement date, but discounted using the lessee's incremental borrowing rate as at the date of initial application. Subsequently, 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 also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.17).

On the other hand, the Group measures the lease liability at the present value of the fixed lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented as part of Property and Equipment account and as a separate line item, respectively.

(b) *Group as Lessor*

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

2.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its consolidated financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.16 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the consolidated statement of comprehensive income.

2.17 Impairment of Non-financial Assets

The Group's investment in an associate, property and equipment, intangible assets, investment properties, goodwill and other non-financial assets are tested for impairment. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

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

2.18 Employee Benefits

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

(a) Short-term benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees which are expected to be settled before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Salaries and Employee Benefits under Cost and Expenses section in the consolidated statement of comprehensive income.

(b) Post-employment Defined Benefit Plan

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

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on the market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement of comprehensive income.

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

(c) Post-employment Defined Contribution Plans

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

(d) Compensated Absences

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

2.19 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. For financial reporting purposes, interest and other costs on certain borrowings that are attributable to the acquisition, construction or development of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of Real Estate Inventories account in the consolidated statement of financial position and consolidated statement of comprehensive income, respectively. The capitalization of borrowing costs commences when expenditures for the asset are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.20 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of current tax and deferred tax not recognized in consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

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

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

2.21 Related Party Transactions and Relationships

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

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

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

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Group's BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

2.22 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Group by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares. For the years ended December 31, 2021, 2020 and 2019, the Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

2.23 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves consist of:

(a) Accumulated actuarial gains and losses arising from remeasurements of retirements benefit obligation, net of tax;

(b) Net fair value gains or losses recognized due to changes in fair values of financial assets recognized through other comprehensive income; and,

(c) Cumulative share in other comprehensive income of associates attributable to the Group.

Other reserves pertain to the difference between the fair value of any consideration paid and the relevant share in the carrying value of a new subsidiary that was accounted for under the pooling-of-interest method.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income.

2.24 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect 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 Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments mentioned below and in the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Option

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 and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

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.

(b) Evaluation of 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 factors enumerated below.

- 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 inventories is satisfied over time, while its performance obligation for completed real estate inventories is satisfied at a point in 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.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission 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.

(iii) Tuition fees

The Group determines that its revenue from tuition fees 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 counterparties. The Group renders services without the need for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(c) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(d) 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 receivables, contract assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit 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 Notes 2.4(a)(ii) and 29.2.

(e) *Distinction Among Investment Property and Owner-managed Properties*

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

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 property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(f) *Distinction Between Real Estate Inventories and Investment Property*

Inventories 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 use over these assets in making its judgment.

(g) *Distinction Between Operating and Finance Leases*

The Group has entered into various lease agreements as either a lessor or lessee. 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's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(h) *Consolidation of Entities in which the Group Holds 50% or Less*

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(i) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

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

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

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

(b) Revenue Recognition for Performance Obligation 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 obligations. 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 applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 2.4(a)(ii).

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

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the 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 uncertainty and may cause significant adjustments to the Group's Inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(e) Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties

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

The carrying amounts of property and equipment, intangible assets, and investment properties are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2021 and 2020, there is no change in estimated useful lives of property and equipment, and investment property during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) 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 balance of deferred tax assets recognized as at December 31, 2021 and 2020 will be utilized in the succeeding years.

The carrying values of the Group's deferred tax assets as of December 31, 2021 and 2020 are disclosed in Note 24.

(g) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Also, the Group's policy on estimating the impairment of goodwill and other non-financial assets is discussed in detail in Note 2.17.

Significant portion of goodwill amounting to P77.3 million arising from the acquisition of LBASSI has been tested for impairment. The recoverable amount of cash generating units assigned to LBASSI amounted to P386.1 million and P168.3 million in 2021 and 2020, respectively.

The 2020 recoverable amount was determined using a cash flow projection covering a five-year period with growth rate of 5% and an average discount rate of 2% in 2020. The discount rates and growth rate are the key assumptions used by management in determining the recoverable amount of cash generating units (CGU). Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying amount of the cash generating unit to exceed their respective recoverable amounts.

However, for 2021, due to the planned cessation of operations of LBASSI, the management determined the recoverable amount of LBASSI's CGU using the fair market value of its net assets less related costs to sell. The Group assessed that only LBASSI's capital assets would have a significant difference between its carrying amount and its fair market value. All other net assets' carrying amounts approximates their fair market values.

The Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. Management considered the market prices of similar assets within the location of LBASSI as the key assumptions in determining the recoverable amount of CGU as the recoverability of the CGU now entirely depend on how the market perceives and prices such units upon selling. Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that the market values used would not cause the carrying amount of the cash generating unit to exceed their respective recoverable amounts. As at December 31, 2021, the fair value of the CGU is classified under Level 3 of the fair value hierarchy.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. Subsequently, LBASSI will continue to exist as a non-operating subsidiary of the Group. The Group will continue supporting LBASSI until concrete plans or changes have been made.

Based on management's assessment, no impairment loss needs to be recognized on goodwill since the recoverable amount of the cash generating units is greater than their carrying amount in both years presented (see Note 1).

No impairment losses were recognized on advances to landowners and joint ventures, investment in an associate, property and equipment, intangible assets, investment properties, and other non-financial assets in 2021, 2020 and 2019 (see Notes 9, 10, 11, 12 and 13).

(h) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. 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 benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(i) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). 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, the Group determines the fair value 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 Note 31.4.

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 and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, contract assets and real estate inventories. Excluded from segment assets are cash and cash equivalents, advances to related parties, prepayments, advances to landowners and joint ventures, investments in an associate, property and equipment, intangible assets, investment properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of contract liabilities and customers' deposits. Excluded from segment liabilities are interest-bearing loans and borrowings, trade and other payables, lease liabilities, advances from related parties, deferred tax liabilities and retirement benefit obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2021, 2020 and 2019 and certain asset and liability information regarding segments as at December 31, 2021, 2020 and 2019.

	High Rise Projects			Horizontal Projects			Total		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
REVENUES									
Real estate sales	**P 3,383,909,085**	P 4,121,674,336	P 3,594,313,181	**P 238,898,427**	P 140,417,744	P 338,156,038	**P 3,622,807,512**	P 4,262,092,080	P 3,932,469,219
Finance income	**115,749,633**	75,709,547	59,796,957	**5,092,961**	14,205,713	6,524,916	**120,842,594**	89,915,260	66,321,873
Rental income	**17,431,216**	11,994,865	30,939,469	**-**	-	-	**17,431,216**	11,994,865	30,939,469
Other income	**157,184,641**	111,344,448	203,279,317	**4,685,048**	12,288,871	9,481,959	**161,869,689**	123,633,319	212,761,276
	3,674,274,575	4,320,723,196	3,888,328,924	**248,676,436**	166,912,328	354,162,913	**3,922,951,011**	4,487,635,524	4,242,491,837
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,083,592,091**	2,473,145,096	2,017,198,214	**145,109,600**	64,031,799	175,016,095	**2,228,701,691**	2,537,176,895	2,192,214,309
Commissions	**195,115,595**	275,131,527	279,420,341	**18,570,947**	9,080,480	20,410,340	**213,686,542**	284,212,007	299,830,681
Advertising and promotion	**158,959,027**	185,121,584	210,170,540	**23,329,042**	7,369,175	16,912,080	**182,288,069**	192,490,759	227,082,620
Association dues	**50,765,686**	95,156,461	76,313,602	**5,729,143**	7,134,462	2,688,230	**56,494,829**	102,290,923	79,001,832
Taxes and licenses	**48,973,052**	22,517,959	44,661,600	**8,641,254**	11,051,762	9,213,755	**57,614,306**	33,569,721	53,875,355
Rentals	**6,498,758**	3,493,877	24,159,601	**-**	3,759	157,920	**6,498,758**	3,497,636	24,317,521
Salaries and employee benefits	**865,327**	1,353,073	2,946,608	**128,141**	34,870	126,738	**993,468**	1,387,943	3,073,346
Travel and transportation	**48,826**	3,092	194,996	**4,049**	67,464	142,449	**52,875**	70,556	337,445
Other expenses	**49,916,296**	59,383,830	59,982,166	**5,071,813**	7,762,734	8,202,832	**54,988,109**	67,146,564	68,184,998
Cost and other operating expenses excluding depreciation and amortization	**2,594,734,658**	3,115,306,499	2,715,047,668	**206,583,989**	106,536,505	232,870,439	**2,801,318,647**	3,221,843,004	2,947,918,107
Depreciation and amortization	**-**	225,558	345,562	**-**	-	8,887	**-**	225,558	354,449
	2,594,734,658	3,115,532,057	2,715,393,230	**206,583,989**	106,536,505	232,879,326	**2,801,318,647**	3,222,068,562	2,948,272,556
SEGMENT OPERATING PROFIT	**P 1,079,539,917**	P 1,205,191,139	P 1,172,935,694	**P 42,092,447**	P 60,375,823	P 121,283,587	**P 1,121,632,364**	P 1,265,566,962	P 1,294,219,281
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P 22,576,593,688**	P 23,889,201,226	P 24,297,127,389	**P 7,087,914,726**	P 7,188,329,385	P 7,333,417,274	**P 29,664,508,414**	P 31,077,530,611	P 31,630,544,663
Segment liabilities	**4,226,231,265**	4,892,259,636	4,309,464,596	**290,631,100**	303,766,808	328,121,410	**4,516,862,365**	5,196,026,444	4,637,586,006

4.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2021	2020	2019
Revenues			
Total segment revenues	**P 3,922,951,011**	P 4,487,635,524	P 4,242,491,837
Unallocated revenues:			
Finance income	**289,016,717**	250,631,687	229,080,549
Rental income from investment property	**64,938,571**	66,561,838	123,531,564
Commission income	**45,075,231**	90,004,074	134,220,853
Other income	**212,857,173**	215,522,337	412,089,940
	611,887,692	622,719,936	898,922,906
Revenues as reported in the consolidated statements of comprehensive income	**P 4,534,838,703**	P 5,110,355,460	P 5,141,414,743
Profit or loss			
Segment operating profit	**P 1,121,632,364**	P 1,265,566,962	P 1,294,219,281
Other unallocated income	**611,887,692**	622,719,936	898,922,906
Other unallocated expenses	**(936,430,986)**	(1,363,344,571)	(1,577,578,876)
Net profit as reported in the consolidated statements of comprehensive income	**P 797,089,070**	P 524,942,327	P 615,563,311
Assets			
Segment assets	**P29,664,508,414**	P31,077,530,611	P31,630,544,663
Unallocated assets:			
Cash and cash equivalents	**3,389,416,319**	2,129,720,752	1,145,332,574
Trade and other receivables-net	**4,841,126,749**	4,311,174,499	4,225,749,275
Advances to related parties	**4,747,775,842**	4,428,734,137	4,122,109,792
Prepayments and other current assets	**806,697,644**	714,844,084	686,408,889
Financial asset at FVOCI	**1,328,680,000**	1,193,560,000	1,312,916,000
Advances to landowners and joint ventures	**237,419,388**	226,428,530	226,304,025
Investment in associate	**279,556,412**	275,482,240	282,074,777
Property and equipment - net	**144,934,008**	251,102,397	378,706,446
Investment property - net	**643,119,509**	671,138,058	699,156,607
Intangible assets - net	**116,628,807**	122,100,528	127,572,249
Other non-current assets	**5,190,893**	5,190,893	5,190,893
	16,540,545,571	14,329,476,118	13,211,521,527
Total assets as reported in the consolidated statements of financial position	**P46,205,053,985**	P45,407,006,729	P44,842,066,190

	2021	2020	2019
Liabilities			
Segment liabilities	**P 4,516,862,365**	P 5,196,026,444	P 4,637,586,006
Unallocated liabilities:			
Interest-bearing loans and borrowings	**1,250,000,000**	1,183,333,352	1,416,666,685
Trade and other payables	**1,821,485,322**	1,196,578,156	1,674,530,611
Customers' deposits	**414,620,297**	325,693,269	385,828,682
Lease liabilities	**-**	59,644,201	159,098,877
Advances from related parties	**5,495,817,845**	5,237,759,982	4,776,873,636
Income tax payable	**-**	-	45,934
Other current liabilities	**698,529,073**	773,553,870	813,113,986
Retirement benefit obligation	**136,639,807**	201,252,634	345,782,326
Deferred tax liabilities - net	**1,877,969,161**	2,212,214,170	2,028,814,391
	11,695,061,505	11,190,029,634	11,600,755,128
Total liabilities as reported in the consolidated statements of financial position	**P16,211,923,870**	P16,386,056,078	P16,238,341,134

5. CASH AND CASH EQUIVALENTS

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

	2021	2020
Cash on hand and in banks	**P 1,990,639,917**	P 1,877,435,742
Short-term placements	**1,398,776,402**	252,285,010
	P 3,389,416,319	P 2,129,720,752

Cash in banks generally earns interest based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 51 days in 2021, 36 days in 2020 and 2019, and earn annual effective interest ranging from 0.25% to 1.25% in 2021, 0.13% to 3.30% in 2020, and 0.75% to 6.50% in 2019. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2021, 34 days in 2020, and 31 days in 2019 and earn annual effective interest ranging from 0.05% to 0.15% in 2021, 0.05% to 1.44% in 2020, and 0.90% to 2.00% in 2019 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2021	2020
Current:			
Trade receivables	25.2	**P 4,289,839,206**	P 3,765,957,755
Advances to suppliers and contractors		**2,869,679,015**	2,374,961,651
Rent receivable	25.2	**390,510,409**	383,910,377
Advances to condominium associations		**288,792,728**	260,412,500
Interest receivable		**74,092,660**	75,195,893
Management fee receivable	25.2	**44,119**	79,049,055
Others		**456,932,345**	502,889,331
		8,369,890,482	7,442,376,562
Allowance for impairment		**(186,202)**	(203,622)
		8,369,704,280	7,442,172,940
Non-current:			
Trade receivables		**2,257,475,440**	2,018,905,970
Refundable security deposits		**114,073,291**	114,005,324
		2,371,548,731	2,132,911,294
		P 10,741,253,011	P 9,575,084,234

The Group's trade and other receivables are subjected to credit risk. Based on management's assessments, all receivables were found to be collectible.

A reconciliation of the allowance for impairment on current trade and other receivables at the beginning and end of 2021 and 2020 is shown below.

	2021	2020
Balance at beginning of year	**P 203,622**	P 207,852
Recovery of accounts previously provided with allowance	**(17,420)**	(4,230)
Balance at end of year	**P 186,202**	P 203,622

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 10% to 22%. The related interest earned on these sales contracts amounting to P18.8 million, P13.5 million, and P3.3 million in 2021, 2020 and 2019, respectively, are reported as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The installment period of noninterest-bearing sales contracts ranges from two to five years with imputed interest of 5.78% in 2021, 4.75% in 2020 and 5.63% in 2019. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P117.8 million, P102.1 million and P76.4 million in 2021, 2020 and 2019, respectively, are presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income. Amortization of day one loss amounting to P102.1 million, P76.4 million and P63.1million in 2021, 2020 and 2019, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

Advances to suppliers and contractors represent down payments made by the Group to the suppliers and contractors based on a certain percentage of the contract price, construction materials purchased by the Group that is used by the contractors, and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Group either on a pro-rated basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Group's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric Group, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables, both current and non-current, include advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

7. REAL ESTATE INVENTORIES

The Group's real estate inventories at the end of 2021 and 2020 were stated at cost. The composition of this account as at December 31 is shown below (see Note 20).

	2021	2020
Residential and condominium units for sale	**P 14,688,573,284**	P16,401,984,574
Raw land inventory	**5,135,063,687**	5,135,063,687
Property development costs	**1,887,796,935**	1,887,796,935
	P 21,711,433,906	P23,424,845,196

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the consolidated statements of comprehensive income (see Note 20), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Group's interest-bearing loans and borrowings for the year ended December 31, 2021 and 2020.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management assessment the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of Real Estate Inventories have been recognized in the consolidated financial statements.

8. FINANCIAL ASSETS AT FVOCI

The movements in the carrying amounts of financial assets at FVOCI as of December 31 are as follows:

	2021	2020
Balance at beginning of year	**P 1,193,560,000**	P 1,312,916,000
Fair value gains (losses)	**135,120,000**	(119,356,000)
Balance at end of year	**P 1,328,680,000**	P 1,193,560,000

Financial assets at FVOCI pertain to investments held by EPHI in equity securities of the Ultimate Parent company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments as of December 31, 2021, and 2020, is categorized as Level 1 in the fair value hierarchy (see Note 31.2).

The net accumulated fair value gains or losses in financial assets at FVOCI are shown as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 26.4).

Dividend income earned amounted to P7.9 million and P5.6 million in 2021 and 2020, respectively, and is presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1). There was no dividend income earned in 2019.

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recognized as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7).

In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

	2021	2020
Advances to landowners:		
Balance at beginning of year	**P 121,909,391**	P 121,801,386
Additional advances	**10,977,658**	108,005
Balance at end of year	**132,887,049**	121,909,391
Advances to joint ventures:		
Balance at beginning of year	**104,519,139**	104,502,639
Additional advances	**13,200**	16,500
Balance at end of year	**104,532,339**	104,519,139
	P 237,419,388	P 226,428,530

The Group commits to developing the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2021 and 2020.

The net commitment for construction expenditures amounts to:

	2021	2020
Total commitment for construction expenditures	**P 11,205,054,936**	P 10,304,770,365
Total expenditures incurred	**(8,980,771,947)**	(8,961,954,154)
Net commitment	**P 2,224,282,989**	P 1,342,816,211

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2021 and 2020. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Group accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Group was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project.

Administrative and operational functions of the project are provided by the Group and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Group and the co-joint operator.

As of December 31, 2021 and 2020, the Group has neither other material contingent liabilities with regard to these joint ventures.

10. INVESTMENT IN AN ASSOCIATE AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The components of investment in an associate as of December 31 are as follows:

	2021	2020
Investments in associate – at equity		
Balance at end of year	**P 293,960,618**	P 293,960,618
Accumulated equity in net losses:		
Balance at beginning of year	**(18,478,378)**	(11,885,841)
Equity shares in net income (losses) for the year	**4,074,172**	(6,592,537)
Balance at end of year	**(14,404,206)**	(18,478,378)
	P 279,556,412	P 275,482,240

10.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues, and net loss of GPMAI as of December 31 are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Loss
2021	**P 573,690,897**	**P 16,353,588**	**P 12,051,047**	**P -**	**P 806,380**	**(P 3,643,001)**
2020	576,960,286	16,715,788	12,039,635	-	2,752,167	(3,819,796)
2019					7,624,319	2,402,820

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

	2021	2020
Net assets at end of year	**P 577,993,438**	P 581,636,439
Share of GPMAI in net asset of MCPI	**(55,343,022)**	(67,586,767)
	522,650,416	514,049,672
Equity ownership interest	**47.37%**	47.37%
	247,579,502	243,505,330
Nominal goodwill	**31,976,910**	31,976,910
Balance at end of year	**P 279,556,412**	P 275,482,240

As of December 31, 2021 and 2020, there are no available fair values for these investment in associate as they are not listed in stock markets.

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 to push through with the associate's projects.

10.2 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material non-controlling interest (NCI) are shown below.

Name	Proportion of Ownership Interest and Voting Rights Held by NCI		Subsidiary's Consolidated Loss Allocated to NCI		Accumulated Equity of NCI	
	2021	2020	**2021**	2020	**December 31, 2021**	December 31, 2020
LBASSI	**27.50%**	27.50%	**(P 2,625,636)**	(P 673,427)	**P 77,678,409**	P 80,304,045
SPLI	**40.00%**	40.00%	**(78,421)**	(72,039)	**542,379,112**	542,457,533
PCMI	**60.00%**	60.00%	**(5,972,389)**	(5,956,814)	**2,176,897,016**	2,182,869,405

The summarized financial information of LBASSI, SPLI, and PCMI before intragroup eliminations is shown below.

	LBASSI		SPLI		PCMI	
	2021	2020	**2021**	2020	**2021**	2020
Current asset	**P 17,406,556**	P 30,111,663	**P 512,052,697**	P 512,032,920	**P2,820,355,496**	P 2,830,309,477
Non-current asset	**124,538,565**	131,153,694	**-**	-	**816,261,150**	816,261,150
Total asset	**P 141,945,121**	P 161,265,357	**P 512,052,697**	P 512,032,920	**P3,636,616,646**	P 3,646,570,627
Current liabilities	**P 23,970,755**	P 19,454,437	**P 22,803,125**	P 22,587,295	**P 8,454,960**	P 8,454,960
Non-current liabilities	**5,739,497**	19,567,073	**-**	-	**-**	-
Total liabilities	**P 29,710,252**	P 39,021,510	**P 22,803,125**	P 22,587,295	**P 8,454,960**	P 8,454,960
Equity	**P 112,234,869**	P 122,243,847	**P 489,249,572**	P 489,445,625	**P3,628,161,686**	P 3,638,115,667

	LBASSI			SPLI			PCMI		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Revenues	**P30,718,352**	P37,289,624	P52,091,228	**P -**	P -	P -	**P 6,961**	P -	P 24,717
Net profit (loss)	**(P10,008,978)**	(P 1,680,171)	P 4,181,981	**(P 196,053)**	(P 180,097)	(P 203,802)	**(P 9,953,981)**	(P 9,928,022)	(P12,545,140)
Other comprehensive Income (loss)	**P -**	(P 768,655)	P 689,818	**P -**	P -	P -	**P -**	P -	P -
Net cash from (used) in operating activities	**(P 1,670,637)**	P 8,444,094	P 8,593,160	**(P 215,905)**	(P 200,246)	(P 16,932)	**(P 168,113)**	(P 177,591)	(P1,239,981,227)
Net cash from (used) in investing activities	**35,640**	(1,682,868)	3,027,686	**-**	-	-	**-**	-	-
Net cash from (used) in financing activities	**(6,769,053)**	(1,681,119)	20,307,025	**215,830**	204,858	13,213	**-**	-	1,240,000,000
Net cash inflow(outflow)	**(P 8,404,050)**	P 5,080,107	P14,741,551	**(P 75)**	P 4,612	(P 3,719)	**(P 168,113)**	(P 177,591)	P 18,773

In 2021, 2020, and 2019, LBASSI, SPLI, and PCMI have not declared nor paid any dividends.

10.3 Contingent Liabilities

As of December 31, 2021, and 2020, the Group has no contingent liabilities for subsidiaries and associate which were incurred jointly with other investors and the Group is not severally liable for all or part of the contingent liabilities of the subsidiaries and associate.

11. PROPERTY AND EQUIPMENT

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

	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Asset	Total
December 31, 2021							
Cost	P 81,095,000	P 92,464,582	P 92,141,300	P 75,801,561	P 168,164,268	P -	P 509,666,711
Accumulated depreciation and amortization	-	(52,425,906)	(78,394,715)	(71,677,802)	(162,234,280)	-	(364,732,703)
Net carrying amount	**P 81,095,000**	**P 40,038,676**	**P 13,746,585**	**P 4,123,759**	**P 5,929,988**	**P -**	**P 144,934,008**
December 31, 2020							
Cost	P 81,095,000	P 92,464,582	P 165,678,198	P 76,269,063	P 167,597,918	P 78,213,619	P 661,318,380
Accumulated depreciation and amortization	-	(48,226,018)	(98,006,043)	(67,946,917)	(156,930,197)	(39,106,808)	(410,215,983)
Net carrying amount	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
January 1, 2020							
Cost	P 81,095,000	P 90,984,582	P 160,354,509	P 76,669,313	P 166,226,648	P 193,481,098	P 768,811,150
Accumulated depreciation and amortization	-	(44,009,365)	(87,290,168)	(63,417,487)	(147,017,409)	(48,370,275)	(390,104,704)
Net carrying amount	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446

A reconciliation of the carrying amounts at the beginning and end of 2021, 2020 and 2019 is shown below.

	Land	Building Other and Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Asset	Total
Balance at January 1, 2021, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
Additions	-	-	4,981,649	45,893	1,509,152	-	6,536,694
Write-off – cost	-	-	(78,518,547)	(513,395)	(782,141)	-	(79,814,083)
Write-off – accumulated depreciation	-	-	31,130,382	513,395	782,141	-	32,425,918
Disposal – cost	-	-	-	-	(160,661)	-	(160,661)
Disposal – accumulated depreciation	-	-	-	-	160,661	-	160,661
Derecognition of right-of-use asset	-	-	-	-	-	(78,213,619)	(78,213,619)
Depreciation and amortization charges for the year	-	(4,199,888)	(11,519,054)	(4,244,280)	(6,246,885)	(9,776,703)	(35,986,810)
Derecognition of accumulated depreciation	-	-	-	-	-	48,883,511	48,883,511
Net carrying amount at December 31, 2021	**P 81,095,000**	**P 40,038,676**	**P 13,746,585**	**P 4,123,759**	**P 5,929,988**	**P -**	**P 144,934,008**
Balance at January 1, 2020, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446
Additions	-	1,480,000	5,323,689	793,750	1,371,270	-	8,968,709
Derecognition of right-of-use asset	-	-	-	-	-	(115,267,479)	(115,267,479)
Disposal – cost	-	-	-	(1,194,000)	-	-	(1,194,000)
Disposal – accumulated depreciation	-	-	-	1,123,564	-	-	1,123,564
Depreciation and amortization charges for the year	-	(4,216,653)	(10,715,875)	(5,652,994)	(9,912,788)	(45,968,868)	(76,467,178)
Derecognition of accumulated depreciation	-	-	-	-	-	55,232,335	55,232,335
Net carrying amount at December 31, 2020	P 81,095,000	P 44,238,564	P 67,672,155	P 8,322,146	P 10,667,721	P 39,106,811	P 251,102,397
Balance at January 1, 2019, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 50,226,912	P 81,387,870	P 16,802,165	P 19,455,306	P 193,481,098	P 442,448,351
Additions	-	382,316	1,891,808	2,192,108	9,670,790	-	14,137,022
Disposal – cost	-	-	-	(2,639,545)	-	-	(2,639,545)
Disposal – accumulated depreciation	-	-	-	2,639,545	-	-	2,639,545
Depreciation and amortization charges for the year	-	(3,634,011)	(10,215,337)	(5,742,447)	(9,916,857)	(48,370,275)	(77,878,927)
Net carrying amount at December 31, 2019	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. This resulted in a loss amounting to P47.4 million which is presented as Loss on write-off of property and equipment under Other Expenses account in the 2021 consolidated statement of comprehensive income (see Note 21.2).

The Group sold fully depreciated office furniture and equipment for P66,002 in 2021, transportation equipment with total carrying value of P70,436 for P242,064 in 2020, and a fully depreciated transportation equipment for P123,214 in 2019. The Group recognized gain on sale of property and equipment amounting to P66,002, P171,628 and P123,214 in 2021, 2020 and 2019, respectively, and is presented as part of Miscellaneous under Other Income in the Revenue and Income section of the consolidated statements of comprehensive income.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2021 and 2020 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in business amounted to P275.3 million and P250.8 million as of December 31, 2021 and 2020, respectively.

12. INTANGIBLE ASSET

This account is composed of the following:

	Notes	**2021**	2020
Goodwill	1, 2.8	**P 78,326,757**	P 78,326,757
Software licenses		**38,302,050**	43,773,771
		P 116,628,807	P 122,100,528

Goodwill arose from the acquisition of LBASSI and VVPI.

Goodwill arising from the acquisition of subsidiaries mentioned above were recognized based on management's expected future economic benefit and synergies that will result from combining the operation of the acquired subsidiaries.

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2021 and 2020 are shown below.

	2021	2020
Cost	**P 54,717,213**	P 54,717,213
Accumulated amortization	**(16,415,163)**	(10,943,442)
Net carrying amount	**P 38,302,050**	P 43,773,771

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2021, 2020 and 2019 is shown below.

	2021	2020	2019
Balance at beginning of year	**P 122,100,528**	P 127,572,249	P 133,043,970
Amortization expense for the year	**(5,471,721)**	(5,471,721)	(5,471,721)
Balance at end of year	**P 116,628,807**	P 122,100,528	P 127,572,249

The amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

Intangible assets are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2021 and 2020 as the recoverable amount of intangible assets determined by management is higher than its carrying value.

13. INVESTMENT PROPERTIES

The Group's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income recognized for the years ended December 31, 2021, 2020 and 2019 amounted to P64.9 million, P66.6 million and P123.5 million, respectively, and are presented as part of Rental Income in the consolidated statements of comprehensive income. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P1.1 million, P1.5 million and P1.1 million in 2021, 2020 and 2019, respectively, and repairs and maintenance amounting to P1.3 million, P3.1 million, and P0.1 million in 2021, 2020 and 2019, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses, and Repairs and maintenance under Other Expenses account in the consolidated statements of comprehensive income.

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

		Held for Lease		
	Land	**Building**	**Other Properties**	**Total**
December 31, 2021				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(34,510,121)	(296,144,906)	(330,655,027)
Net carrying value	**P 1,040,000**	**P 12,764,019**	**P 629,315,490**	**P 643,119,509**
December 31, 2020				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(32,382,785)	(270,253,693)	(302,636,478)
Net carrying value	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
January 1, 2020				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(30,255,449)	(244,362,480)	(274,617,929)
Net carrying value	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607

A reconciliation of the carrying amount of investment properties at the beginning and end of 2021, 2020 and 2019 is shown below.

	Land	Held for Lease Building	Held for Lease Other Properties	Total
Balance at January 1, 2021, net of accumulated depreciation	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2021, net of accumulated depreciation	**P 1,040,000**	**P 12,764,019**	**P 629,315,490**	**P 643,119,509**
Balance at January 1, 2020, net of accumulated depreciation	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2020, net of accumulated depreciation	P 1,040,000	P 14,891,355	P 655,206,703	P 671,138,058
Balance at January 1, 2019, net of accumulated depreciation	P 1,040,000	P 19,146,027	P 706,989,129	P 727,175,156
Reclassifications	-	-	-	-
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2019, net of accumulated depreciation	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607

The amount of depreciation on investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses in the consolidated statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2021, 2020 and 2019 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 31.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings from local banks are discussed below.

2021	2020	Explanatory Notes	Interest Rate	Security	Maturity
P 250,000,000	P 583,333,332	*(a)*	Fixed at 5.6% for 1st and 2nd tranches and 4.8% for the 3rd tranche	Unsecured	Up to 2022
1,000,000,000	-	*(b)*	Floating rate at 3.5% subject to quarterly repricing	Unsecured	Up to 2028
-	100,000,000	*(c)*	Fixed at 4.8% pa subject to annual repricing	Unsecured	2021
-	500,000,000	*(d)*	Fixed rate of 3.1%	Unsecured	2021
P 1,250,000,000	P 1,183,333,352				

(a) Philippine Peso, unsecured seven-year loan due in 2022

In 2015, the Group obtained an interest-bearing seven-year P2.0 billion loan from a local bank. The loan was released in three tranches from 2015 to 2017 and bears fixed interest rate of 5.6% per annum for the first and second tranches and fixed interest of 4.8% for the third tranche. The proceeds of the loan were used to fund the development of the Group's various real estate projects.

(b) Philippine Peso, unsecured seven-year loan due in 2028

In 2021, the Group obtained an interest-bearing seven-year P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate of 3.5% per annum. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

(c) Philippine Peso, unsecured three-year loan due in 2021

In 2018, the Group obtained an interest-bearing three-year loan from a local bank. The loan was released in February 2018 and subject to floating rate of 4.8% and fixed rate at 7.7% starting in October 2018. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable in eight equal quarterly payments starting on February 23, 2019 with one-year grace period and interest is payable quarterly in arrears.

(d) Philippine Peso, unsecured 90 days loan due in 2021

In 2020, the Group obtained an unsecured loan from local banks. The loans bears fixed interest rate of 3.1%. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable upon maturity and the interest is payable monthly in arrears.

Certain bank loans require the Group to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2021 and 2020, the Group is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2021, 2020, and 2019 amounted to P57.6 million, P64.9 million and P122.0 million, respectively. The loans are directly attributable to the construction of the Company's projects; hence, the related interest amounting to P8.9 million, P35.1 million, and P83.1 million in 2021, 2020 and 2019, respectively, is capitalized as part of Real Estate Inventories account in the consolidated statements of financial position. However, certain interests were expensed out since the projects related to certain loans are already completed. Unpaid interest as of December 31, 2021 and 2020 amounted to P5.6 million and P1.5 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 2.64%, 2.97% and 5.86% in 2021, 2020 and 2019, respectively (see Note 7).

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the consolidated statements of financial position as follows:

	2021	2020
Current	**P 250,000,000**	P 933,333,352
Non-current	**1,000,000,000**	250,000,000
	P 1,250,000,000	P 1,183,333,352

15. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2021	2020
Trade payable		**P 1,685,516,558**	P 1,068,891,316
Taxes payable		**97,359,150**	74,648,165
Accrued expenses		**32,653,228**	49,626,896
Interest payable	14	**5,565,312**	1,535,405
Miscellaneous		**391,074**	1,876,374
		P 1,821,485,322	P 1,196,578,156

Taxes payable pertains to withholding taxes payable and other statutory payables such as SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

	2021	2020
Advances from customers	**P3,335,069,482**	P4,170,603,679
Other deposits	**1,125,559,292**	976,348,329
	P4,460,628,774	P5,146,952,008

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. LEASES

The Group leases its office space and is presented as Right-of-use assets under Property and Equipment and Lease Liabilities in the consolidated statements of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contracts.

In 2021 and 2020, the Group pre-terminated the contract with its lessor for its leased asset located in Taguig. The lease term of this asset, based on the original contract, is for five years from January 1, 2018 to December 31, 2022. The Group has fully vacated the 10th and 11th floors of the leased premises in December 2020 and the 12th floor in June 2021. Accordingly, the related lease liabilities and right-of-use assets were derecognized as of December 1, 2020 and June 30, 2021. The gain on lease modification amounting to P4.1 million and P9.0 million in 2021 and 2020, respectively, is presented as part of Miscellaneous under Other Income in the consolidated statements of comprehensive income (see Note 21.1).

17.1 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at December 31, 2020 as follows:

Current	P	35,797,100
Non-current		23,847,101
	P	59,644,201

The movements in the lease liabilities recognized in the consolidated statements of financial position are as follows:

	2021	2020
Balance at beginning of year	**P 59,644,201**	P 159,098,877
Derecognition of lease liability	**(59,644,201)**	-
Cash flows from financing activities –		
Repayment of lease liability		
including interest	**-**	(13,866,416)
Non-cash financing activities:		
Lease modification	**-**	(93,463,134)
Interest amortization on lease liabilities	**-**	7,874,874
	P -	P 59,644,201

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 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 business strategy and the economic benefit of exercising such option exceeds the expected overall cost. As of December 31, 2021 and 2020, the Group has exercised its termination option for its existing lease agreement.

The undiscounted maturity analysis of lease liabilities at December 31, 2020 are as follows:

	Lease Payment	Interest Expense	Net Present Value
Within one year	P 40,359,015	(P 4,561,915)	P 35,797,100
After one year but not more than two years	24,719,896	(872,795)	23,847,101
	P 65,078,911	(P 5,434,710)	P 59,644,201

17.2 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The December 31, 2021, 2020 and 2019 expenses relating short-term leases amounted to P11.1 million, P10.2 million and P37.4 million respectively, are presented as Rentals under Other Expenses account in the consolidated statements of comprehensive income (see Notes 21.2).

17.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in 2020 in respect of leases recognized as liabilities amounted to P13.9 million. Interest expense relating to lease liabilities amounts to P7.9 million in 2020 and is presented as part of Finance Costs account under Costs and Expenses section of the 2020 consolidated statements of comprehensive income (see Notes 22.2 and 33). There are no similar transactions in 2021.

18. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

	Note	**2021**	2020
Retention payable		**P 613,922,575**	P 696,350,714
Refund liability	21.2	**190,283,848**	157,099,267
Refundable deposits		**52,839,763**	55,964,697
Miscellaneous		**31,766,735**	21,238,460
		P 888,812,921	P 930,653,138

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2021, 2020 and 2019 amounted to P34.1 million, P31.0 million and P45.0 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the consolidated statements of comprehensive income (see Note 21.2).

19. REAL ESTATE SALES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and other income. An analysis of the Group's real estate sales is presented below.

	2021	2020	2019
Geographical areas			
Within Metro Manila	**P 2,740,174,242**	P 3,878,197,366	P 3,538,380,366
Outside Metro Manila	**882,633,270**	383,894,714	394,088,853
	P 3,622,807,512	P 4,262,092,080	P 3,932,469,219
Types of product or services			
Residential condominium	**P 3,383,909,085**	P 4,121,674,336	P 3,594,313,181
Residential lots and house and lots	**238,898,427**	140,417,744	338,156,038
	P 3,622,807,512	P 4,262,092,080	P 3,932,469,219

19.2 Contract Accounts

a. Contract Assets

The Group's contract assets are classified as follows:

	2021	2020
Current	**P 1,758,022,623**	P 2,373,434,910
Non-current	**294,925,623**	15,340,770
	P 2,052,948,246	P 2,388,775,680

The significant changes in the contract assets balance as of December 31 are as follows:

	2021	2020
Balance at beginning of year	**P2,388,775,680**	P1,951,878,579
Transfers from contract assets recognized at the beginning of year to trade receivables	**(600,098,033)**	(2,585,559,212)
Increase as a result of changes in measurement of progress	**264,270,599**	3,022,456,313
Balance at end of year	**P2,052,948,246**	P2,388,775,680

b. *Contract Liabilities*

The Group's contract liabilities are classified as follows:

	2021	2020
Current	**P 128,793,174**	P 50,028,890
Non-current	**151,776,866**	167,639,547
	P 280,570,040	P 217,668,437

The significant changes in the contract liabilities balance as of December 31 are as follows:

	2021	2020
Balance at beginning of year	**P 217,668,437**	P 128,320,141
Revenue recognized that was included in contract liabilities at the beginning of year	**(26,693,792)**	(1,020,085,550)
Increase due to cash received excluding amount recognized as revenue during the year	**89,595,395**	1,109,433,846
Balance at end of year	**P 280,570,040**	P 217,668,437

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 are presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position. 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 revenue contracts. The total amount of amortization for 2021, 2020 and 2019 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movements in balances of deferred commission in 2021 and 2020 are presented below.

	2021	2020
Balance at beginning of year	**P 192,031,164**	P 168,090,758
Additional capitalized cost	**79,836,049**	38,264,955
Amortization for the period	**(12,875,219)**	(14,324,549)
Balance at end of year	**P 258,991,994**	P 192,031,164

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, 2021 and 2020 is P3.9 billion and P2.8 billion, respectively. As of December 31, 2021 and 2020, the Group expects to recognize revenue from unsatisfied contracts as presented on the succeeding page.

	2021	2020
Within a year	**P 1,558,231,805**	P 1,030,870,676
More than one year to three years	**2,104,137,917**	1,634,042,299
More than three years to five years	**283,673,954**	127,376,263
Balance at end of year	**P 3,946,043,676**	P 2,792,289,238

20. COST OF REAL ESTATE SALES

The total cost of real estate sales for the years ended December 31 is as follows:

	Note	2021	2020	2019
Actual costs		**P 1,995,213,030**	P 1,838,819,898	P 1,794,872,773
Estimated costs	2.5	**233,488,661**	698,356,997	397,341,536
		P 2,228,701,691	P 2,537,176,895	P 2,192,214,309

The breakdown of the cost of real estate sales are as follows (see Note 7):

	2021	2020	2019
Contracted services	**P 1,999,791,892**	P 2,300,577,406	P 1,961,608,183
Land cost	**141,689,559**	161,300,849	149,613,310
Borrowing cost	**64,641,192**	49,594,420	50,074,877
Other costs	**22,579,048**	25,704,220	30,917,939
	P 2,228,701,691	P 2,537,176,895	P 2,192,214,309

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

	Notes	2021	2020	2019
Marketing and management fees	25.2	**P 217,030,237**	P192,637,740	P 412,247,010
Forfeited collections and deposits		**108,278,701**	99,942,494	160,252,102
Tuition and miscellaneous fees		**30,718,352**	37,289,624	52,091,228
Miscellaneous	17	**14,625,400**	9,285,798	260,876
		P 370,652,690	P339,155,656	P 624,851,216

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers, net of any loss on cancellations. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include gain on lease modification, registration fees, medical and dental fees, laboratory fees, energy fees, and other fees charged to students upon enrollment.

21.2 Other Expenses

The breakdown of this account is shown below.

	Notes	2021	2020	2019
Loss on write-off of property and equipment	11	**P 47,388,165**	P -	P -
Provision for refund liability	18	**34,146,764**	30,960,582	44,969,122
Utilities		**16,547,622**	13,822,704	21,722,897
Security services		**12,612,638**	10,795,393	15,623,688
Rentals	17.2	**11,063,149**	10,205,625	37,426,421
Professional fees	25.4	**7,828,036**	5,842,003	7,005,085
Repairs and maintenance		**7,319,177**	13,491,348	5,636,188
Insurance		**5,244,089**	6,538,057	4,774,245
Training, seminars and other benefits		**5,181,104**	8,643,959	8,462,235
Janitorial services		**4,644,068**	8,425,595	11,045,464
Office supplies		**4,441,652**	10,095,362	7,444,386
Computer license subscription		**3,509,699**	7,916,242	354,320
Documentation		**1,087,533**	4,219,034	2,245,156
Marketing events and awards		**248,865**	2,843,230	1,969,163
Outside services		**132,855**	1,535,472	4,676,853
Representation		**76,844**	538,787	148,487
Loss on write-off of receivables	25.3	**-**	40,643,067	-
Miscellaneous		**8,321,808**	7,805,326	6,747,922
		P 169,794,068	P 184,321,786	P 180,251,632

Miscellaneous expenses include bank charges, motor vehicle registration and others.

Loss on write-off of property and equipment pertains to the loss on derecognized leasehold improvements in 2021. There were no similar transactions in 2020 and 2019 (see Note 11).

Loss on write-off of receivables pertains to forgone collection of interest due from Megaworld Daewoo Corporation in 2020. There were no similar transactions in 2021 and 2019 (see Note 25.3).

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below and on the succeeding page.

	Notes	2021	2020	2019
Interest income:				
Advances to related parties	25.1	**P 268,277,015**	P 238,584,906	P 211,040,685
Cash and cash equivalents	5	**12,170,714**	6,166,800	16,431,520
Trade and other receivables	6	**18,790,091**	13,476,523	3,261,112
Tuition fees		**659,838**	835,724	1,270,768
Balance carried forward		**P 299,897,658**	P 259,063,953	P 232,004,085

	Notes	2021	2020	2019
Balance brought forward		**P 299,897,658**	P 259,063,953	P 232,004,085
Amortization of day-one loss on noninterest-bearing financial instruments	6	**102,052,503**	76,438,736	63,060,763
Dividend income	8	**7,882,000**	5,630,000	-
Foreign currency gain (loss) - net		**27,150**	(585,742)	337,574
		P 409,859,311	P 340,546,947	P 295,402,422

22.2 Finance Costs

The breakdown of finance costs is shown below.

	Notes	2021	2020	2019
Interest expense on advances from related parties	25.1	**P 312,167,217**	P 287,547,306	P 265,222,159
Bank loans	14	**48,647,239**	28,626,652	38,953,861
Net interest expense on post-employment defined benefit obligation	23.2	**6,544,044**	14,285,788	21,530,445
Lease liabilities	17.1	**-**	7,874,874	7,865,015
		P 367,358,500	P 338,334,620	P 333,571,480

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Note	2021	2020	2019
Short-term benefits		**P 378,170,113**	P 377,070,446	P 441,972,438
Post-employment benefits	23.2	**31,941,909**	30,879,854	29,207,828
		P 410,112,022	P 407,950,300	P 471,180,266

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially funded, tax qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of final monthly salary for every year of credited service but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

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

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented below and on the succeeding pages are based on the latest actuarial valuation reports obtained from independent actuaries.

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

	2021	2020
Present value of the obligation	**P 462,835,851**	P 473,563,902
Fair value of the assets	**(326,196,044)**	(272,311,268)
	P 136,639,807	P 201,252,634

The movements in the present value of the post-employment DBO recognized in the books are as follows:

	2021	2020
Balance at beginning of year	**P 473,563,902**	P 474,380,431
Current service cost	**31,941,909**	30,879,854
Interest expense	**18,232,840**	24,602,733
Remeasurements:		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**(49,530,354)**	(19,824,305)
Experience adjustments	**(2,837,531)**	(2,747,653)
Changes in demographic assumptions	**(183,196)**	-
Benefits paid	**(570,560)**	(23,792,635)
Derecognition of RBO	**(7,781,159)**	-
Settlement – (gain)/loss	**-**	(9,934,523)
Balance at end of year	**P 462,835,851**	P 473,563,902

In 2021, the Group did not engage the services of an actuary for RBO valuation for LBASSI and has derecognized its related RBO as the Group is not expecting anymore to pay the retirement obligation of the employees due to the management's decision to cease the operations of Laguna Bel Air Science School taking effect after school year 2021-2022. Instead, the Group has accrued the severance pay that they will pay to the remaining employees as of December 31, 2021 amounting to P14.1 million and is presented as part of Other Current Liabilities in the 2021 consolidated statement of financial position, and as part of Salaries and Employee Benefits under Costs and Expenses section in the 2021 consolidated statements of comprehensive income.

The movements in the fair value of plan assets are presented below.

	2021	2020
Balance at beginning of year	**P 272,311,268**	P 128,598,104
Interest income	**11,688,796**	10,316,945
Loss on plan assets (excluding amounts included in net interest)	**(10,233,460)**	(5,615,007)
Actual contribution	**53,000,000**	143,000,000
Benefits paid	**(570,560)**	(3,988,774)
Balance at end of year	**P 326,196,044**	P 272,311,268

The Group's plan assets are composed of cash and cash equivalents amounting to P122.4 million and P172.8 million as of December 31, 2021 and 2020, respectively, and investment in government issued debt securities amounting to P175.6 million and P75.2 million as of December 31, 2021 and 2020 respectively.

The plan assets earned a return of P1.5 million and P4.7 million in 2021 and 2020, respectively.

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

	Notes	2021	2020	2019
Reported in profit or loss:				
Current service cost	23.1	**P 31,941,909**	P 30,879,854	P 29,207,828
Net interest expense	22.2	**6,544,044**	14,285,788	21,530,445
		P 38,485,953	P 45,165,642	P 50,738,273
Reported in other comprehensive income (loss):				
Actuarial gains (losses) arising from:				
- changes in financial assumptions		**P 49,530,354**	P 19,824,305	(P 65,009,970)
- experience adjustments		**2,837,531**	2,747,653	29,432,740
- demographic assumption		**183,196**	-	-
Loss on plan assets (excluding amounts included in net interest)		**(10,233,460)**	(5,615,007)	(2,183,196)
		P 42,317,621	P 16,956,951	(P 37,760,426)

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses section in the consolidated statements of comprehensive income while the amounts of net interest expense are included under Finance Costs under Costs and Expenses section in the consolidated statements of comprehensive income.

The amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2021	2020	2019
EELHI			
Discount rates	**5.08%**	3.95%	5.22%
Expected rate of salary increases	**4.00%**	4.00%	6.00%
EPHI:			
Discount rates	**4.98%**	3.77%	5.02%
Expected rate of salary increases	**6.72%**	6.72%	7.01%
LBASSI:			
Discount rate	-	3.96%	5.17%
Expected rate of salary increases	-	2.00%	2.00%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Company; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 to 65 for both males and females is shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	28
LBASSI	60	30
EPHI	65	18

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 government bond with terms to maturity approximating the terms of the retirement 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, longevity risk and salary risk.

(i) Investment and Interest Risks

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

(ii) Longevity and Salary Risks

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

(d) Other Information

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

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2021			
EELHI			
Discount rate	**+7.6%/-8.9%**	**(P 28,718,983)**	**P 33,829,326**
Salary increase rate	**+8.9%/-7.7%**	**33,857,333**	**(29,253,033)**
EPHI			
Discount rate	**+/-0.5%**	**(3,870,616)**	**4,215,130**
Salary increase rate	**+/-1.0%**	**8,266,998**	**(7,142,239)**
2020			
EELHI			
Discount rate	+9.3% / -11.0%	(P 34,705,219)	P 41,257,899
Salary increase rate	+10.9%/ -9.4%	40,808,078	(34,998,877)
EPHI			
Discount rate	+/-0.5%	(5,017,080)	5,510,017
Salary increase rate	+/-1.0%	10,761,481	(9,166,040)
LBASSI			
Discount rate	+/-1.0%	(795,310)	947,719
Salary increase rate	+/-1.0%	957,384	(816,844)

The above 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 DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

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

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

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

(iii) Funding Arrangements and Expected Contributions

The plans are currently underfunded by P136.6 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 10 to 20 years' time when a significant number of employees is expected to retire.

The Group expects to make contribution of at least P53.0 million to the plan during the next reporting period.

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

	2021	2020
Within one year	**P 177,518,738**	P 16,221,023
More than one year to five years	**84,888,374**	209,086,316
More than five years to 10 years	**136,185,152**	111,120,666
More than 10 years to 15 years	**50,055,889**	36,051,215
More than 15 years to 20 years	**86,665,860**	85,484,323
More than 20 years	**205,030,055**	282,239,296
	P 740,344,068	P 740,202,839

The weighted average duration of the DBO at the end of the reporting period is 8.3 to 16 years.

24. TAX EXPENSE

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and was 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 20% or 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,

- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 20% to 25% starting July 1, 2020, the current income tax expense and prepaid tax asset, as presented in the 2020 annual income tax return (ITR) of the Group, would be lower and higher, respectively, by P12.4 million than the amount presented in the 2020 consolidated financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to the effective tax rates that applies to the components. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P368.7 million and such was recognized in the 2021 profit or loss (P360.5 million) and in other comprehensive income (P8.2 million).

The components of tax expense reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below.

	2021	2020	2019
Reported in profit or loss:			
Current tax expense:			
RCIT at 25%, 20% and 10% in 2021 and 30% and 10% in 2020 and 2019	**P 166,838,539**	P 37,661,816	P 200,731,023
Final tax at 20%, 15% and 7.5%	**2,430,078**	1,224,081	3,260,933
MCIT at 2% in 2020	**-**	36,996,350	-
	169,268,617	75,882,247	203,991,956
Adjustments in 2020 income taxes due to change in income tax rate	**(12,387,572)**	-	-
	156,881,045	75,882,247	203,991,956
Deferred tax expense (income) relating to:			
Effect of the change in income tax rate	**(360,470,182)**	-	-
Origination and reversal of temporary differences	**23,877,945**	178,082,100	102,668,785
	(336,592,237)	178,082,100	102,668,785
	(P 179,711,192)	P 253,964,347	P 306,660,741
Reported in other comprehensive income (loss) –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**P 10,579,405**	P 5,317,683	(P 11,535,073)
Effect of the change in income tax rate	**(8,232,178)**	-	-
	P 2,347,227	P 5,317,683	(P 11,535,073)

LBASSI, as an educational institution, is subject to 10% tax rate on its taxable income as defined under the tax regulations of the National Internal Revenue Code Section 27(B). LBASSI's deferred tax assets and deferred tax liabilities are, hence, recognized at 10%.

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

	2021	2020	2019
Tax on pre-tax profit at 25%, 20% and 10% in 2021 and 30% and 10% in 2020 and 2019	**P 155,763,572**	P 239,223,270	P 277,123,037
Adjustment for income subjected to lower income tax rates	**(609,822)**	(610,671)	(1,573,728)
Tax effects of:			
Changes in tax rates due to CREATE Act	**(372,857,754)**	-	-
Non-deductible taxes and licenses	**12,959,407**	4,229,546	21,530,429
Non-deductible loss on derecognition of property and equipment	**11,847,041**	-	-
Write-off of net deferred tax assets related to lease pre-termination	**9,829,898**	-	-
Non-taxable income on forfeited collections	**(979,719)**	-	-
Non-deductible interest expense	**606,888**	607,894	1,591,798
Non-taxable income	**-**	(1,689,000)	-
Excess of MCIT over RCIT	**-**	7,220,828	3,975,812
Others - net	**3,729,297**	4,982,480	4,013,393
	(P 179,711,192)	P 253,964,347	P 306,660,741

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

	Consolidated Statements of Financial Position		**Consolidated Statement of Profit or Loss**		
	2021	2020	**2021**	2020	2019
Deferred tax assets:					
Retirement benefit obligation	**P 34,159,952**	P 58,041,444	**P 21,534,264**	P 38,521,228	(P 524,287)
Lease liability	**-**	17,893,260	**17,893,260**	29,836,403	13,487,827
Provision for refund liability	**47,570,962**	47,129,780	**(441,182)**	(9,145,341)	(12,496,612)
Unamortized past service cost	**-**	-	**-**	15,120	24,159
Net operating loss carry over (NOLCO)	**-**	-	**-**	-	1,530,631
	81,730,914	123,064,484	**38,986,342**	59,227,410	2,021,718
Deferred tax liabilities:					
Uncollected realized gross profit	**(1,783,290,828)**	(2,076,138,645)	**(292,847,817)**	183,388,050	88,250,985
Capitalized borrowing cost	**(111,654,460)**	(192,675,990)	**(81,021,530)**	(36,935,632)	11,362,641
Deferred commission	**(64,747,999)**	(57,609,349)	**7,138,650**	7,182,121	15,502,144
Right of use asset – net	**-**	(9,030,393)	**(9,030,393)**	(34,502,854)	(14,511,082)
Unrealized foreign exchange gains (loss) - net	**(6,788)**	175,723	**182,511**	(276,995)	42,379
	(1,959,700,075)	(2,335,278,654)	**(375,578,579)**	118,854,690	100,647,067
Net Deferred Tax Expense (Income)			**(P 336,592,237)**	P 178,082,100	P 102,668,785
Net Deferred Tax Liabilities - net	**(P 1,877,969,161)**	(P 2,212,214,170)			

The deferred tax expense (income) presented in Other Comprehensive Income section in the consolidated statements of comprehensive income pertains to the tax effect of remeasurements of retirement benefit obligation and change in income tax rates due to CREATE Act in 2021 which resulted to a tax expense amounting to P2.3 million, P5.3 million in 2021 and 2020, respectively, and tax income of P11.5 million in 2019.

The Group is subject to the MCIT which is computed at 1% and 2% of gross income in 2021 and 2020, respectively, as defined under the tax regulations, or RCIT, whichever is higher. The Group earned MCIT amounting to P37.0 million during 2020 which is valid until 2023.

The details of the Group's NOLCO that are valid and deductible from future taxable income are presented on the succeeding page.

Year	Original Amount	Expired Amount	Remaining Balance	Valid Until
2021	P 28,708,937	P -	P 28,708,937	2026
2020	10,971,069	-	10,971,069	2025
2019	13,826,773	-	13,826,773	2022
2018	14,229,751	(14,229,751)	-	
	P 67,736,530	(P 14,229,751)	P 53,506,779	

PCMI, LBASSI, EECI, SPLI, SOHI, VVPI and 20th Century did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2021 for which the related deferred tax asset has not been recognized amounted to a total of P28.7 million with a total tax effect of P2.9 million.

Pursuant to issuance of Revenue Regulations No. 25-2020 to implement Section 4(bbbb) of R.A. 11494, *Bayanihan to Recover as One (Bayanihan II)*, the net operating loss incurred for the taxable years 2021 and 2020 amounting to P28.7 million and P11.0 million, respectively, can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss. Accordingly, the total amount of NOLCO for the taxable years 2021 and 2020 can be claimed as a deduction from the future taxable income until 2026 and 2025, respectively. However, the net operating loss incurred for the taxable year 2019 amounting to P13.8 million can be carried over as a deduction from gross income for only the next three consecutive taxable years following the year of such loss or until 2022.

In 2021, 2020 and 2019, the Group opted to claim itemized deductions in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent company, the Parent company, related parties under common ownership, associate, key management personnel, and the Group's retirement plan as described below and on the succeeding pages.

The summary of the Group's significant transactions and outstanding balances with its related parties are as follows:

Related Party Category	Notes	Amount of Transactions 2021	2020	2019	Outstanding Balance 2021	2020
Ultimate Parent:						
Financial assets at FVOCI	8	**P 135,120,000**	(P 119,356,000)	(P 27,024,000)	**P1,328,680,000**	P 1,193,560,000
Dividend income	8, 22.1	**7,882,000**	5,630,000	-	**7,882,000**	-
Parent:						
Availment of advances	25.1, 25.5	**(294,516,893)**	(498,326,915)	(223,937,720)	**(4,698,945,733)**	(4,404,428,840)
Rendering of services	25.2	**45,075,231**	90,004,074	144,484,332	**666,798,357**	659,169,669
Obtaining of services	25.4	**1,781,940**	1,452,360	829,920	**-**	-
Associate –						
Availment of advances	25.1	**1,459,030**	1,588,529	1,019,005	**(383,890,422)**	(385,349,452)
Under common ownership:						
Repayment of advances - net	25.1	**35,000,000**	35,852,041	24,147,958	**(412,981,690)**	(447,981,690)
Granting of advances	25.1	**319,041,705**	306,624,345	1,194,903,477	**4,747,775,842**	4,428,734,137
Rendering of services	25.2	**196,108,971**	198,241,879	405,730,341	**5,261,796**	79,049,056
Sale of land	25.3	**-**	(40,643,067)	-	-	-
Key management personnel –						
Compensation	25.6	**61,579,836**	74,927,456	51,492,157	-	-

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from interest-bearing and noninterest-bearing advances, joint venture agreements, lease of property and cash advances to related party are unsecured, collectible, or payable on demand, and are generally settled in cash or through offsetting arrangements with the related parties (see Note 30.2).

There were no impairment losses recognized on the outstanding receivables from related parties in 2021, 2020 and 2019 based on management's ECL assessment.

25.1 Advances to and from Related Parties

The Group grants to and obtains unsecured advances from its Parent company, stockholders, associate and other related parties for working capital purposes.

The Advances to Related Parties account represents the outstanding balances arising from cash advances granted by the Group to certain related parties under common ownership. Some of the advances to related parties are interest-bearing with interest rates ranging from 12.00% to 15.00% both in 2021 and 2020. The interest income arising from these interest-bearing advances is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.1). The change in the Advances to Related Parties account are shown below.

	Note	**2021**	2020
Balance at beginning of year		**P 4,428,734,137**	P 4,122,109,792
Interest income	22.1	**268,277,015**	238,584,906
Additional advances		**52,397,867**	84,580,110
Offset against advances		**(1,633,177)**	(15,322,922)
Reclassification		**-**	(1,217,749)
Balance at end of year		**P 4,747,775,842**	P 4,428,734,137

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its Parent company, associate, and certain related parties under common ownership. Some of the advances from related parties are interest-bearing with interest rates ranging from 7.00% to 12.00% both in 2021 and 2020. The details as of December 31 are as follow:

	2021	2020
Parent	**P 4,698,945,733**	4,404,428,840
Associate	**383,890,422**	385,349,452
Related parties under common ownership	**412,981,690**	447,981,690
	P 5,495,817,845	P 5,237,759,982

The movement in the Advances from Related Parties account is shown below.

	2021	2020
Parent:		
Balance at beginning of year	P 4,404,428,840	P 3,906,101,926
Accrued interests	286,146,177	259,859,155
Additions	8,524,628	250,329,321
Repayments	(153,912)	(11,861,562)
Balance at end of year	P 4,698,945,733	P 4,404,428,840
Associate:		
Balance at beginning of year	P 385,349,452	P 386,937,979
Repayments	(1,459,030)	(1,588,527)
Balance at end of year	P 383,890,422	P 385,349,452
Other related parties:		
Balance at beginning of year	P 447,981,690	P 483,833,731
Repayments	(61,021,040)	(63,540,192)
Accrued interests	26,021,040	27,688,151
Balance at end of year	P 412,981,690	P 447,981,690

Cash advances from Parent company bear fixed interest rate ranging between 7% and 12% per annum in 2021, 2020 and 2019. Interest expense is presented as part of Finance Costs account in the consolidated statements of comprehensive income (see Note 22.2).

25.2 Rendering of Services

The summary of services offered by the Group is presented below.

	Amount of Transactions		
	2021	2020	2019
Management services	P 165,548,490	P 169,000,227	P 359,818,838
Commission income	45,075,231	90,004,074	134,220,853
Lease of property	30,560,481	29,241,652	56,174,982
	P 241,184,202	P 288,245,953	P 550,214,673

The Group handled the administrative functions of certain related parties under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recorded as part of Marketing and management fees under Other Income account in the consolidated statements of comprehensive income (see Note 21.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized is presented as Commission Income under Revenues and Income section in the consolidated statements of comprehensive income. The outstanding receivables related to these transactions are presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group leases certain investment property to Megaworld in 2019 and a related party under common ownership in 2021, 2020 and 2019. The revenues earned from the lease are included as part of Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income (see Note 28.1). The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Sale of Land

In prior years, the Group sold on account, to a related party under common ownership, a parcel of land which was used as site of the related party's project. The outstanding receivable, which pertains to the remaining unpaid interest from this sale was derecognized in 2020, and the related expense is presented as Loss on write-off of receivables under Other Expenses account in the 2020 consolidated statement of comprehensive income (see note 21.2).

25.4 Obtaining of Services

The Group incurred management fees for accounting and marketing services obtained from its Parent company and related parties under common ownership, amounting to P1.8 million, P1.5 million and P0.8 million in 2021, 2020 and 2019, respectively, and is presented as part of Professional fee under Other Expenses in the consolidated statements of comprehensive income (see Note 21.2). There was no outstanding payable from this transaction as of December 31, 2021 and 2020.

25.5 Joint Development Agreement with Parent Company

The Group, together with Megaworld, executed a joint development agreement for the development of a mixed-use condominium project; whereby the Group shall contribute land and the Parent company shall develop and sell the property. The entities shall be entitled to a certain percentage of the total saleable area based on the agreed sharing. The land contributed to the joint venture is presented as part of the Real Estate Inventories under Property development cost in the consolidated statements of financial position (see Note 7). As of the end of the reporting period, the property is still being developed and there are no profits received yet from this agreement.

25.6 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

	2021	2020	2019
Short-term benefits	**P 39,451,208**	P 45,886,016	P 45,764,610
Post-employment benefits	**22,128,628**	29,041,440	5,727,547
	P 61,579,836	P 74,927,456	P 51,492,157

These are presented as part of Salaries and Employee Benefits account under Cost and Expenses section in the consolidated statements of comprehensive income for the years ended December 31, 2021, 2020 and 2019 (see Note 23.1).

25.7 Retirement Plan

The Group has a formal retirement plan established separately for the Company, EPHI and LBASSI. The Group's retirement fund for its post-employment defined benefit plan is administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2021 and 2020 are presented in Note 23.2. As of December 31, 2021 and 2020, the Group's retirement fund does not include any investments in any debt or equity securities issued by the Group or any of its related parties.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

26. EQUITY

26.1 Capital Stock

Capital stock as of December 31, 2021 and 2020 consists of:

	No. of Shares	Amount
Common shares – P1 par value		
Authorized	31,495,200,000	P31,495,200,000
Issued	14,803,455,238	P14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.72% ownership interest in the Group as of December 31, 2021 and 2020.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2021 and 2020.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2021, 2020, and 2019, there are 12,360, 12,402 and 12,424 holders of the listed shares, respectively. The shares were listed and closed at a price of P0.25, P0.31 and P0.43 per share as of December 31, 2021, December 31, 2020 and December 28, 2019, respectively.

26.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts in 2021 and 2020.

26.3 Treasury Stock

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of December 31, 2021 and 2020, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Group.

26.4 Revaluation Reserves

Revaluation reserves of the Group are composed of remeasurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI (see Notes 8 and 23.2).

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

	Financial Assets at FVOCI (see Note 8)	**Retirement Benefit Obligation**	**Total**
Balance as of January 1, 2021	(P 235,100,031)	P 710,260,831	P 475,160,800
Remeasurement of retirement benefit obligation	-	42,317,621	42,317,621
Fait value gains on FVOCI	135,120,000	-	135,120,000
Other comprehensive income before tax for the year	135,120,000	42,317,621	177,437,621
Tax expense	-	(2,347,227)	(2,347,227)
Other comprehensive income after tax for the year	135,120,000	39,970,394	175,090,394
Losses transferred to retained earnings	-	224,084	224,084
Balance as of December 31, 2021	**(P 99,980,031)**	**P 750,455,308**	**P 650,475,278**

	Financial Assets at FVOCI (see Note 8)	Retirement Benefit Obligation	Total
Balance as of January 1, 2020	(P 115,744,031)	P 698,410,183	P 582,666,152
Remeasurement of retirement benefit obligation	-	17,168,331	17,168,331
Fait value losses on FVOCI	(119,356,000)	-	(119,356,000)
Other comprehensive income (loss) before tax	(119,356,000)	17,168,331	(102,187,669)
Tax expense	-	(5,317,683)	(5,317,683)
Other comprehensive income (loss) after tax	(119,356,000)	11,850,648	(107,505,352)
Balance as of December 31, 2020	(P 235,100,031)	P 710,260,831	P 475,160,800
Balance as of January 1, 2019	(P 88,720,031)	P 724,825,236	P 636,105,205
Remeasurement of retirement benefit obligation	-	(37,950,126)	(37,950,126)
Fait value losses on FVOCI	(27,024,000)	-	(27,024,000)
Other comprehensive income (loss) before tax	(27,024,000)	(37,950,126)	(64,974,126)
Tax income	-	11,535,073	11,535,073
Other comprehensive income (loss) after tax	(27,024,000)	(26,415,053)	(53,439,053)
Balance as of December 31, 2019	(P 115,744,031)	P 698,410,183	P 582,666,152

26.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary (see Notes 1.1 and 2.10).

26.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

27. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

	2021	2020	2019
Net profit attributable to parent Group's shareholders	**P 805,765,516**	P 531,433,225	P 622,021,871
Number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**P 0.055**	P 0.036	P 0.042

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2021, 2020 and 2019.

28. COMMITMENTS AND CONTINGENCIES

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

28.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. The leases have terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

	2021	2020	2019
Within one year	**P 66,308,551**	P 73,179,235	P 85,683,312
After one year but not more than two years	**41,452,326**	67,771,176	68,109,689
After two years but not more than three years	**17,646,880**	36,987,651	63,197,167
After three years but not more than four years	**16,162,471**	17,281,540	35,405,893
After four years but not more than five years	**16,407,851**	14,626,756	15,698,637
More than five years	**7,881,318**	25,824,885	37,942,336
	P 165,859,397	P 235,671,243	P 306,037,034

The total rentals from these operating leases amount to about P82.4 million, P78.6 million and P154.5 million in 2021, 2020, and 2019, respectively, which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Legal Claims

As of December 31, 2021, and 2020, the Group does not have any litigations within and outside the normal course of its business.

28.3 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P5,120 million and P4,020 million as of December 31, 2021 and 2020, respectively. The Group has unused lines of credit amounting to P2,120 million and P1,220.0 million as of December 31, 2021 and 2020, respectively.

28.4 Capital Commitments

As of December 31, 2021, and 2020, the Company has commitments amounting to P2.2 billion and P1.3 billion, respectively, for the construction expenditures in relation to the Company's joint venture (see Note 9).

28.5 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which is not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements, taken as a whole.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Group is exposed to are described below and on the succeeding pages.

29.1 Market Risk

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

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the consolidated financial statements as of December 31, 2021 and 2020. The Group has no financial liabilities denominated in foreign currency (see Note 22.1).

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2021, the Group has an outstanding long-term loan with a variable interest rate (see Note 14)

The Group's ratio of fixed to floating rate debt stood at 0.25:1.00 as of December 31, 2021.

The sensitivity of the consolidated net results and consolidated equity in 2021 to a reasonably possible change of 1.6% in floating rates is P16.2 million and P12.1 million respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

At December 31, 2021 and 2020, the Group is exposed to other changes in market interest through its cash and cash equivalents and other fixed rate long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility of 6.0% and 9.0% has been observed during 2021 and 2020, respectively. The impact on the Group's consolidated other comprehensive income and consolidated equity would have increased or decreased by P79.4 million and P107.4 million in 2021 and 2020, respectively.

The investments in quoted equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is not subject to commodity price risk.

29.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	Notes	**2021**	2020
Cash and cash equivalents	5	**P 3,389,416,319**	P 2,129,720,752
Trade and other receivables - net (excluding advances to suppliers and contractors and advances to condominium associations)	6	**7,582,781,267**	6,939,710,083
Contract assets	19.2	**2,052,948,246**	2,388,775,680
Advances to related parties	25.1	**4,747,775,842**	4,428,734,137
		P 17,772,921,674	P 15,886,940,652

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables, as described on the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

Trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The 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. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. 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 Group considers trade receivables in default when contractual payments 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 which may extend the definition of default to 90 days and beyond. 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 management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from real estate sales. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented in the below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2021				
Contract assets	P 2,052,948,246	P 7,639,424,547	P -	P 2,052,948,246
Contract receivables	5,705,934,513	17,174,345,997	-	5,705,934,513
	P 7,758,882,759	**P 24,813,770,544**	**P -**	**P 7,758,882,759**
2020				
Contract assets	P 2,388,775,680	P 8,496,663,407	P -	P 2,388,775,680
Contract receivables	5,080,986,344	15,742,504,517	-	5,080,986,344
	P 7,469,762,024	P 24,239,167,924	P -	P 7,469,762,024

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay [see Note 29.2(c)]. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

	2021	2020
Not more than three months	**P 132,646,317**	P 104,230,372
More than three months but not more than six months	**222,165,204**	182,085,683
More than six months but Not more than one year	**248,768,915**	205,054,965
More than one year	**89,088,754**	71,431,466
	P 692,669,190	P 562,802,486

(c) Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of December 31, 2021 and 2020, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2021 and 2020.

	Neither Past Due nor Specifically Impaired			Past Due	
	High Grade	Standard Grade	Substandard Grade	but Not Impaired	Total
2021					
Cash and cash equivalents	P 3,389,416,319	P -	P -	P -	P 3,389,416,319
Trade and other receivables	-	6,890,112,077	-	692,669,190	7,582,781,267
Contract assets	-	2,052,948,246	-	-	2,052,948,246
Advances to related parties	-	4,747,775,842	-	-	4,747,775,842
	P 3,389,416,319	**P 13,690,836,165**	**P -**	**P 692,669,190**	**P 17,772,921,674**
2020					
Cash and cash equivalents	P 2,129,720,752	P -	P -	P -	P 2,129,720,752
Trade and other receivables	-	6,376,907,597	-	562,802,486	6,939,710,083
Contract assets	-	2,388,775,680	-	-	2,388,775,680
Advances to related parties	-	4,428,734,137	-	-	4,428,734,137
	P 2,129,720,752	P 13,194,417,414	P -	P 562,802,486	P 15,886,940,652

The Group uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

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 basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods 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. 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 at December 31, 2021, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Years	More than Five Years
Interest-bearing loans and borrowings	P 292,268,240	P 841,071,250	P 255,182,917
Trade and other payables	1,724,126,172	-	-
Advances from related parties	5,495,817,845	-	-
Other current liabilities	680,911,623	-	-
	P8,193,123,880	**P 841,071,250**	**P 255,182,917**

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

	Within One Year	One to Five Years
Interest-bearing loans and borrowings	P 965,307,138	P 257,707,050
Trade and other payables	1,121,929,991	-
Lease liabilities	40,359,015	24,719,896
Advances from related parties	5,237,759,982	-
Other current liabilities	752,315,411	-
	P8,117,671,537	P 282,426,946

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

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

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

		2021		2020	
	Notes	**Carrying Amounts**	**Fair Values**	Carrying Amounts	Fair Values
Financial assets					
Financial assets at amortized cost					
Cash and cash equivalents	5	**P 3,389,416,319**	**P 3,389,416,319**	P 2,129,720,752	P 2,129,720,752
Trade and other receivables - net	6	**7,582,781,267**	**7,700,557,581**	6,939,710,083	7,041,762,586
Contract assets	19.2(a)	**2,052,948,246**	**2,052,948,246**	2,388,775,680	2,388,775,680
Advances to related parties	25.1	**4,747,775,842**	**4,747,775,842**	4,428,734,137	4,428,734,137
		17,772,921,674	**17,890,697,988**	15,886,940,652	15,988,993,155
Financial assets at FVOCI	8	**1,328,680,000**	**1,328,680,000**	1,193,560,000	1,193,560,000
		P 19,101,601,674	**P 19,219,377,988**	P 17,080,500,652	P 17,182,553,155

	Notes	2021 Carrying Amounts	2021 Fair Values	2020 Carrying Amounts	2020 Fair Values
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	**P 1,250,000,000**	**P 1,253,074,917**	P 1,183,333,352	P 1,223,014,188
Trade and other payables	15	**1,724,126,172**	**1,724,126,172**	1,121,929,991	1,121,929,991
Lease liabilities	17.1	**-**	**-**	59,644,201	65,078,911
Advances from related parties	25.1	**5,495,817,845**	**5,495,817,845**	5,237,759,982	5,237,759,982
Other current liabilities	18	**680,911,623**	**680,911,623**	752,315,411	752,315,411
		P 9,150,855,640	**P 9,153,930,557**	P 8,354,982,937	P 8,400,098,483

Management considers that the fair values of the above enumerated financial assets and financial liabilities measured at amortized costs approximate their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

See Note 2.4 for the 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

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

	Gross amounts recognized in the consolidated statement of financial position: Financial assets	Gross amounts recognized in the consolidated statement of financial position: Financial liabilities set-off	Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position: Financial instruments	Related amounts not set-off in the consolidated statement of financial position: Collateral received	Net amount
December 31, 2021						
Advances to related parties	**P 4,749,409,019**	**(P 1,633,177)**	**P 4,747,775,842**	**P -**	**P -**	**P 4,747,775,842**
December 31, 2020						
Advances to related parties	P 4,434,057,059	(P 5,322,922)	P 4,428,734,137	P -	P -	P 4,428,734,137

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

	Gross amounts recognized in the consolidated statement of financial position: Financial liabilities	Gross amounts recognized in the consolidated statement of financial position: Financial assets set-off	Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position: Financial instruments	Related amounts not set-off in the consolidated statement of financial position: Collateral provided	Net amount
December 31, 2021						
Interest-bearing loans and borrowings	P 1,250,000,000	P -	P 1,250,000,000	(P 313,298,522)	P -	P 936,701,478
Advances from related parties	5,495,817,845	-	5,495,817,845	-	(77,966)	5,495,739,879
	P 6,745,817,845	**P -**	**P 6,745,817,845**	**(P 313,298,522)**	**(P 77,966)**	**P 6,432,441,357**
December 31, 2020						
Interest-bearing loans and borrowings	P 1,183,333,352	P -	P 1,183,333,352	(P 761,753,242)	P -	P 421,580,110
Advances from related parties	5,237,759,982	-	5,237,759,982	-	(1,037,430)	5,236,722,552
	P 6,421,093,334	P -	P 6,421,093,334	(P 761,753,242)	(P 1,037,430)	P 5,658,302,662

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

31. 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 is shown on the succeeding page.

- 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., 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 asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

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

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

31.2 Financial Instruments Measured at Fair Value

As of December 31, 2021 and 2020, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period (see Note 8). There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2021 and 2020. There were no transfers between Levels 1 and 2 in both years.

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

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2021 and 2020 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

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

31.4 Fair Value Measurement of Non-Financial Assets

The table below shows the Levels within the hierarchy of investment properties and CGU attributable to LBASSI for which fair value is disclosed as of December 31, 2021 and 2020.

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Land	P -	P -	P 40,370,000	P 40,370,000
Cash generating units – LBASSI	-	-	386,102,379	386,102,379
Buildings and office/commercial units	-	-	3,515,200,585	3,515,200,585
	P -	**P -**	**P 3,941,672,964**	**P 3,941,672,964**
December 31, 2020				
Land	P -	P -	P 40,348,000	P 40,348,000
Buildings and office/commercial units	-	-	2,959,299,395	2,959,299,395
	P -	P -	P 2,999,647,395	P 2,999,647,395

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Group uses assumptions that are mainly based on market conditions existing at 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 based on current market rentals for similar properties in the same location and condition.

As at December 31, 2021 and 2020, the fair values of the Group's investment properties, and CGU attributable to LBASSI are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2021 and 2020.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

	2021	2020
Interest-bearing loans and borrowings	**P 1,250,000,000**	P 1,183,333,352
Total equity	**29,993,130,115**	29,020,950,651
Debt-to-equity ratio	**0.04 : 1.00**	0.04 : 1.00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14)

33. RECONCILATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest-bearing Loans and Borrowings (See Note 14)	**Advances from Related Parties** (See Note 25.2)	**Lease Liabilities** (See Note 17.1)	**Interest Payable** (See Note 15)	**Total**
Balance as at January 1, 2021	P 1,183,333,352	P 5,237,759,982	P 59,644,201	P 1,535,405	P 6,482,272,940
Cash flows from financing activities:					
Additional loans and borrowings	1,000,000,000	8,524,628	-	-	1,008,524,628
Repayment of loans and borrowings	(933,333,352)	(62,633,982)	-	(53,555,195)	(1,049,522,529)
Non-cash financing activities:					
Effect of derecognition of PFRS 16	-	-	(59,644,201)	-	(59,644,201)
Accrual of interest	-	312,167,217	-	57,585,102	369,752,319
Balance as of December 31, 2021	**P 1,250,000,000**	**P 5,495,817,845**	**P -**	**P 5,565,312**	**P 6,751,383,157**
Balance as at January 1, 2020	P 1,416,666,685	P 4,776,873,636	P 159,098,877	P 2,739,677	P 6,355,378,875
Cash flows from financing activities:					
Repayment of loans and borrowings	(733,333,333)	(76,990,281)	(13,866,416)	(64,929,487)	(889,119,517)
Additional loans and borrowings	500,000,000	250,329,321	-	-	750,329,321
Non-cash financing activities:					
Effect of derecognition of PFRS 16	-	-	(93,463,134)	-	(93,463,134)
Accrual of interest	-	287,547,306	7,874,874	63,725,215	359,147,395
Balance as of December 31, 2020	P 1,183,333,352	P 5,237,759,982	P 59,644,201	P 1,535,405	P 6,482,272,940

In 2021 and 2020, the Group derecognized portion of its lease liabilities amounting to P59.6 million and P93.5 million, respectively (see Note 17.1) and a right-of-use asset amounting to P29.3 million and P60.0 million in each respective year (see Note 11). This resulted in gains amounting to P4.1 million and P9.0 million in 2021 and 2020, respectively, and are presented as part of Miscellaneous under Other Income account in the consolidated statements of comprehensive income (see Note 21.1).

P&A
Grant Thornton

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

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

T +63 2 8988 2288

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2021, on which we have rendered our report dated February 28, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of 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: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
List of Supplementary Information
December 31, 2021

**Information therein are based on the separate financial statements of the Parent Company*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule A - Financial Asset at Fair Value Through Other Comprehensive Income

December 31, 2021

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount in Peso	Equity in earnings (losses) of investee for the period	Other	Distibution of earnings by investee	Other	Number of shares or principal amount of bonds and notes	Amount in Peso	Dividends received from investments not accounted for by the equity method
Financial Asset at Fair Value Through OCI									
Alliance Global Group, Inc.	112,600,000	P 1,328,680,000	-	-	-	-	-	P 1,328,680,000	-

EMPIRE EAST LAND HOLDINGS, 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, 2021

Name and designation of debtor	Balance at Beginning of period	Additions/ Transfer 2020	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current	Not current	
Advances to Officers and Employees:							
Cacho, Evelyn G.	P 391,768	P -	(P 200,124)	P -	P 191,644	P -	P 191,644
Edaño, Dennis E.	753,990	-	(147,244)	-	606,746	-	606,746
Gregorio, Ricardo B.	364,522	-	(152,338)	-	212,184	-	212,184
Jacobe, Joel Ramon A.	80,451	-	(80,451)	-	-	-	-
Jacobe, Elmer Y.	276,716	-	(84,781)	-	191,935	-	191,935
Llaga, Jhoanna Lyndelou T.	109,821	-	(109,821)	-	-	-	-
Lopez, Mark Lawrence D.	259,510	-	(85,759)	-	173,751	-	173,751
Libago, Ricky S.	677,722	-	(227,576)	-	450,146	-	450,146
Madridejos, Arminius M.	313,692	-	(160,273)	-	153,419	-	153,419
Manansala, Kim Camille B.	80,537	-	(80,537)	-	-	-	-
Ramos, Franemil T.	588,273	-	(143,261)	-	445,012	-	445,012
Romero, Gemma O.	266,396	-	(85,333)	-	181,063	-	181,063
Sioson-Bumatay, Celeste Z.	1,084,347	-	(150,212)	-	934,135	-	934,135
	P 5,247,745	P -	(P 1,707,710)	P -	P 3,540,035	P -	P 3,540,035

Note: Please refer to Schedule C for Amounts Receivable from Related parties.

EMPIRE EAST LAND HOLDINGS, 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, 2021

Name and Designation of debtor	Balance of beginning period		Balance at the end of period	
Eastwood Properties Holdings, Inc.	P	864,942,444	P	864,942,444
Empire East Communities Inc.		232,735,070		233,045,540
Valle Verde Properties, Inc.		64,188,046		64,391,052
Sonoma Premier Land Inc.		22,235,294		22,451,124
Sherman Oak Holdings Inc.		20,275,543		20,464,594
20th Century Properties, Inc.		977,362		1,206,524
TOTAL	P	1,205,353,759	P	1,206,501,278

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule D - Intangible Assets - Other Assets

December 31, 2021

Description	Beginning Balance	Additions at Cost	Deduction: Charged to Cost and Expenses	Deduction: Charged to Other Accounts	Deduction: Other Changes Additions (Deductions)	Ending Balance
Goodwill	P 78,326,757	P -	P -	P -	P -	P 78,326,757
Computer Software Subscriptions	54,717,213	-	(16,415,163)	-	-	38,302,050
	P 133,043,970	P -	(P 16,415,163)	P -	P -	P 116,628,807

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule E - Long-Term Debt

December 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Position
Unsecured fixed-interest Loans	P 1,250,000,000	P 250,000,000	P 1,000,000,000

Unsecured fixed-interest Loans are payable up to 2028 and bears fixed interest rates from 3.5 % to 5.6%.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule F - Indebtedness to Related Parties (Other than Affiliates)

December 31, 2021

Name of Related Party	Balance at Beginning of Year		Balance at End of Year	
Megaworld Corporation	P	4,404,428,840	**P**	**4,698,945,733**
Gilmore Property Marketing Associatior		385,349,452		**383,890,422**
McKester Piknik International Ltd.		394,000,001		**359,000,001**
Others		53,981,689		**53,981,689**
	P	5,237,759,982	**P**	**5,495,817,845**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule H - Capital Stock

December 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by: Related Parties	Number of Shares Held by: Directors, Officers and Employees	Number of Shares Held by: Others
Preferred shares	2,000,000,000	-	-	-	-	-
Common shares	31,495,200,000	14,676,199,167 *	-	11,994,426,438	24,324,913	2,657,447,816

** Number of shares issued and outstanding net of 127,256,071 Treasury Shares.*

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
2nd Floor Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2021

Unappropriated Retained Earnings at Beginning of Year,	P	6,789,883,901
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax income	(	170,575,589)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		6,619,308,312
Net Profit Realized during the Year		
Net profit per audited financial statements		716,414,079
Non-actual/unrealized income, net of tax		
Deferred tax income	(	8,296,145)
Retained Earnings Restricted for Treasury Shares	(	102,106,658)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**7,225,319,588**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Summary of Application of SRO Proceeds

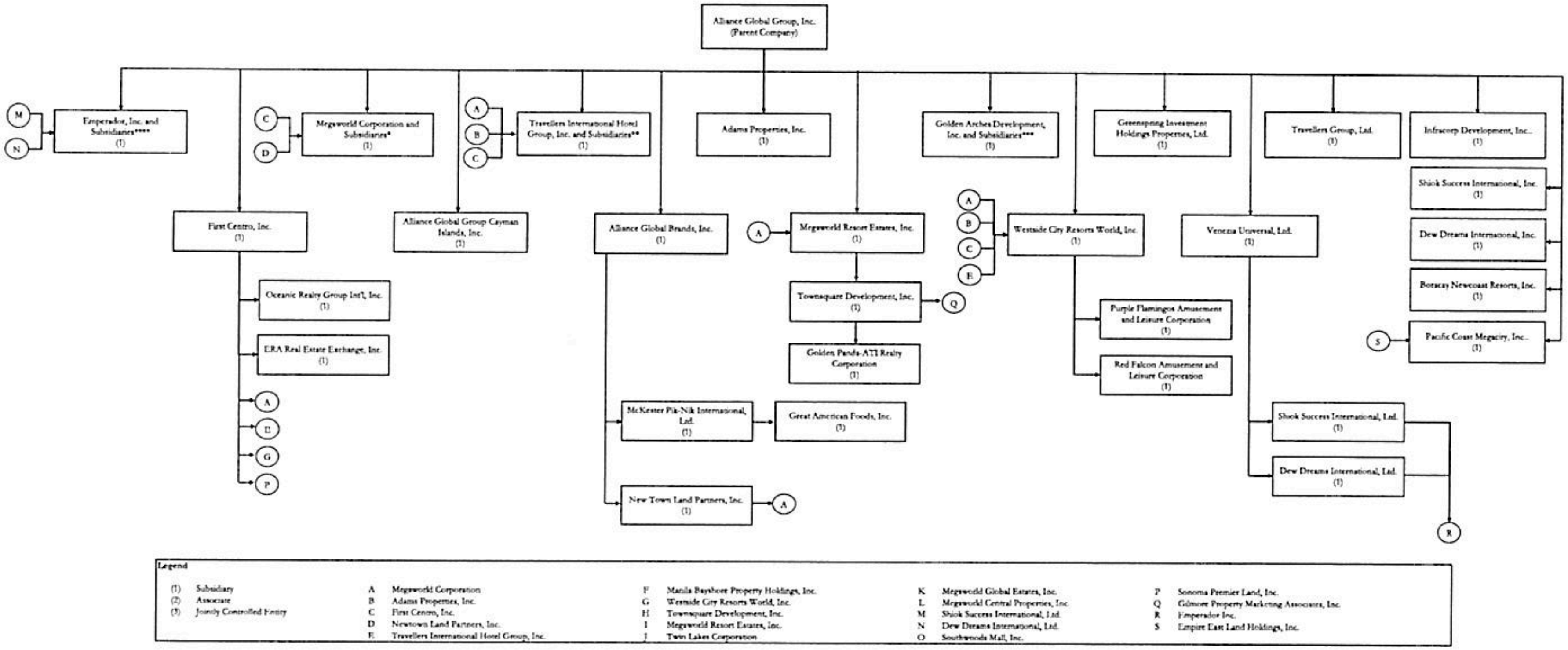
December 31, 2021

		BASED ON IPO PROSPECTUS		BASED ON ACTUAL
SRO Proceeds	P	2,695,239,834	P	2,695,239,834
Less: SRO related expenses		5,239,834		5,239,834
Net proceeds		2,690,000,000		2,690,000,000
Less: Disbursements				
Construction Site Development		1,800,000,000		1,885,000,000
Pioneer Woodlands		800,000,000		350,000,000
San Lorenzo Place		700,000,000		532,081,376
The Rochester		300,000,000		275,267,709
Kasara Urban Resort Residences		-		140,479,357
The Sonoma		-		70,000,000
Little Baguio Terraces		-		314,520,643
South Science Park		-		202,650,915
Landbanking		890,000,000		805,000,000
Total Disbursements		2,690,000,000		2,690,000,000
Remaining Balance of Proceeds, as at December 31, 2021			P	-

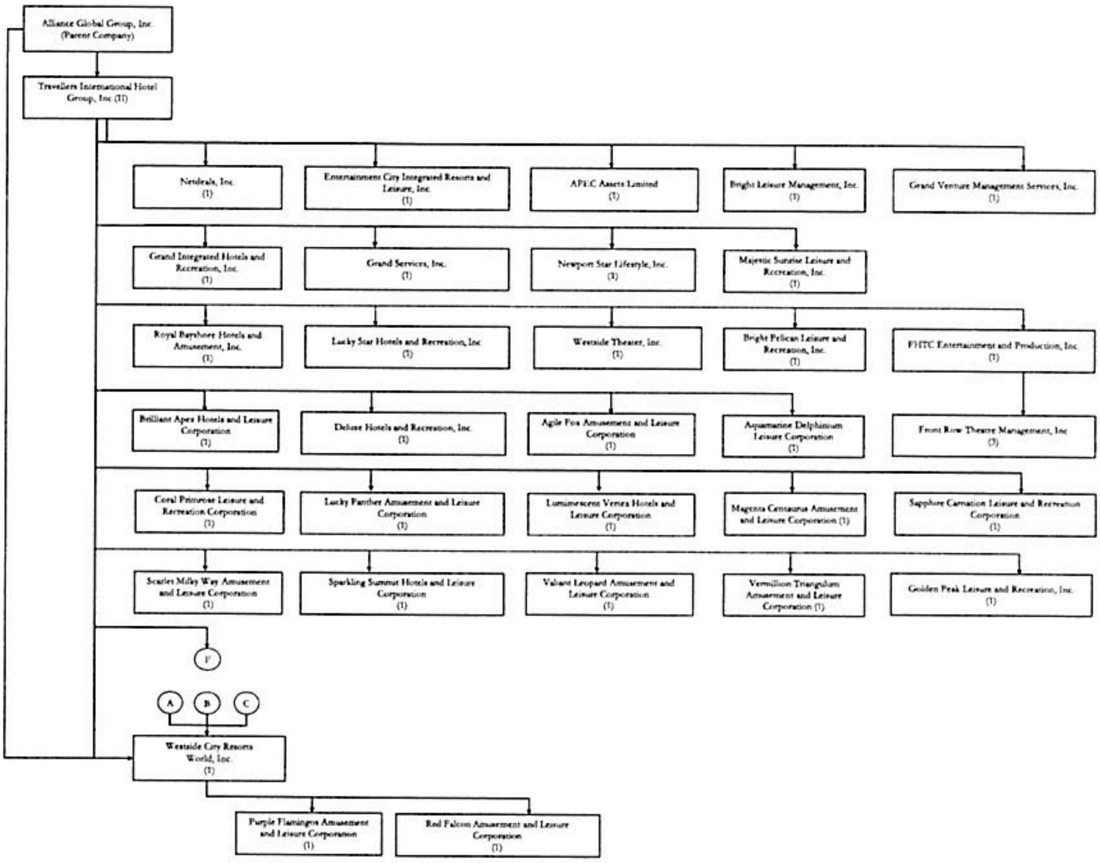
Supplementary information on the Summary of Application of SRO Proceeds –

The proceeds were subsequently reallocated and transferred to fund the urgent construction of other projects that have exceeded their respective allocations.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2021



EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2021



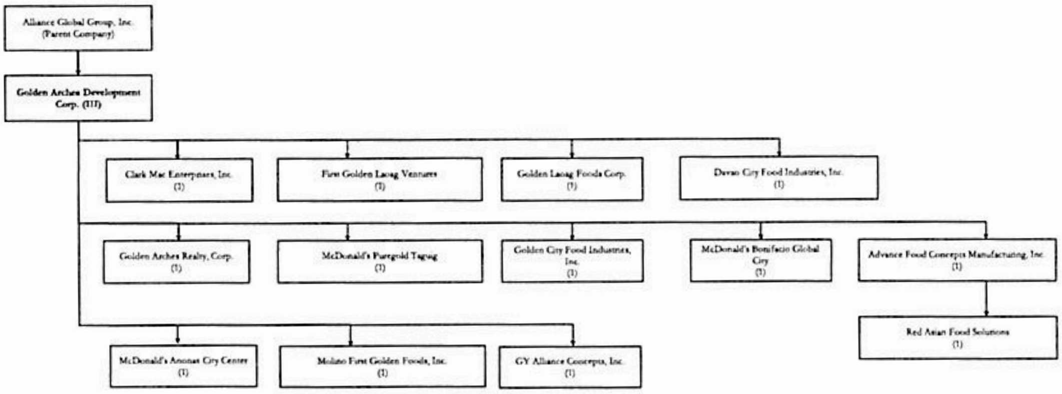
Legend

Relationship with Travellers International Hotel Group, Inc

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

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

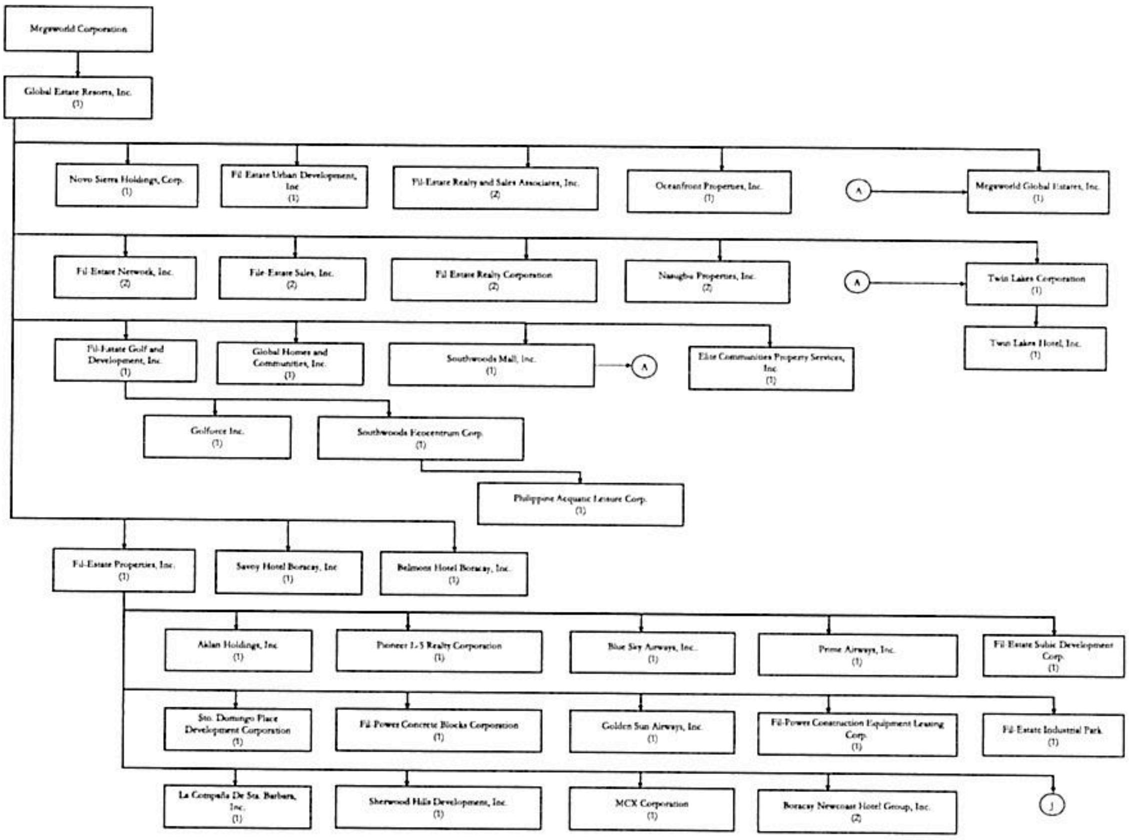
EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2021



Legend
Relationship with Golden Arches Development Corporation
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2021

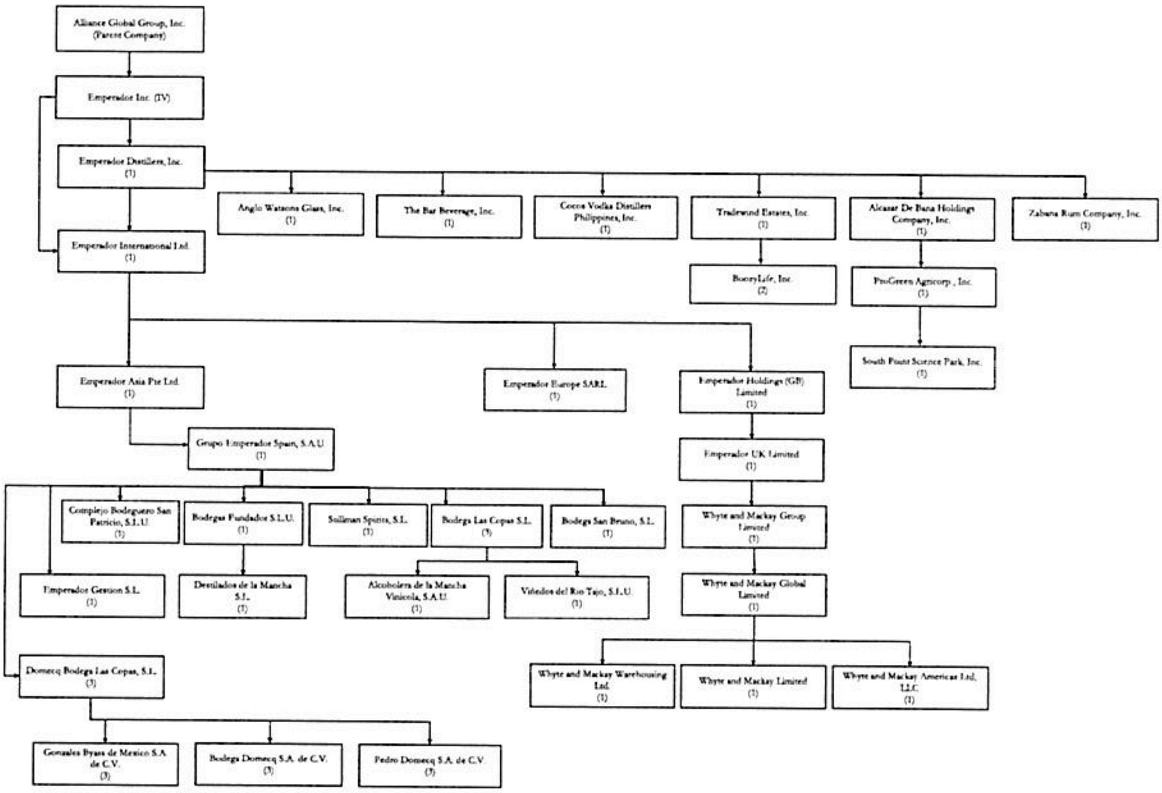


Legend

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

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2021



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (51%)
(3) Subsidiary (50%)
(4) Jointly Controlled Entry

P&A
Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

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

T +63 2 8988 2288

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2021 and 2020, on which we have rendered our report dated February 28, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is 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, 2021 and 2020 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 28, 2022

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula		2021	Formula		2020
Current ratio	Total Current Assets divided by Total Current Liabilities		3.13	Total Current Assets divided by Total Current Liabilities		2.99
	Total Current Assets	P 40,783,050,614		Total Current Assets	P 40,513,752,019	
	Divided by: Total Current Liabilities	13,045,538,036		Divided by: Total Current Liabilities	13,531,102,626	
		3.13			2.99	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.90	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.71
	Total Current Assets	P 40,783,050,614		Total Current Assets	P 40,513,752,019	
	Less:			Less:		
	Inventories	21,711,433,906		Inventories	23,424,845,196	
	Other Current Assets	7,312,496,109		Other Current Assets	7,517,013,131	
	Quick Assets	11,759,120,599		Quick Assets	9,571,893,692	
	Divided by: Total Current Liabilities	13,045,538,036		Divided by: Total Current Liabilities	13,531,102,626	
		0.90			0.71	
Solvency ratio	Total Liabilities divided by Total Assets		0.35	Total Liabilities divided by Total Assets		0.36
	Total Liabilities	P 16,211,923,870		Total Liabilities	P 16,386,056,078	
	Divided by: Total Assets	46,205,053,985		Divided by: Total Assets	45,407,006,729	
		0.35			0.36	
Debt-to-equity ratio	Total Liabilities divided by Total Equity		0.54	Total Liabilities divided by Total Equity		0.56
	Total Liabilities	P 16,211,923,870		Total Liabilities	P 16,386,056,078	
	Divided by: Total Equity	29,993,130,115		Divided by: Total Equity	29,020,950,651	
		0.54			0.56	
Assets-to-equity ratio	Total Assets divided by Total Equity		1.54	Total Assets divided by Total Equity		1.56
	Total Assets	P 46,205,053,985		Total Assets	P 45,407,006,729	
	Divided by: Total Equity	29,993,130,115		Divided by: Total Equity	29,020,950,651	
		1.54			1.56	
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense		2.65	Earnings before interest and taxes (EBIT) divided by Interest expense		3.07
	EBIT:			EBIT:		
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Tax Income	(179,711,192)		Tax Expense	253,964,347	
	Finance Cost	360,814,456		Finance Cost	324,048,834	
		978,192,334			1,102,955,508	
	Divided by: Interest expense	369,752,321		Divided by: Interest expense	359,195,589	
		2.65			3.07	
Return on equity	Net Profit divided by Average Total Equity		0.03	Net Profit divided by Average Total Equity		0.02
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Divided by: Average Total Equity	29,507,040,383		Divided by: Average Total Equity	28,812,337,854	
		0.03			0.02	
Return on assets	Net Profit divided by Average Total Assets		0.02	Net Profit divided by Average Total Assets		0.01
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Dividen by: Average Total Assets	45,806,030,357		Dividen by: Average Total Assets	45,124,536,460	
		0.02			0.01	
Net profit margin	Net Profit divided by Total Revenue		0.18	Net Profit divided by Total Revenue		0.10
	Net Profit	P 797,089,070		Net Profit	P 524,942,327	
	Divided by: Total Revenue	4,534,838,703		Divided by: Total Revenue	5,110,355,460	
		0.18			0.10	

EMPIRE EAST LAND HOLDINGS, INC.
INTERIM FINANCIAL STATEMENTS
AS OF 31 MARCH 2022

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 **31 March 2022**

2. Commission Identification Number: **AS094-006430**

3. BIR Tax Identification No. **003-942-108**

4. **EMPIRE EAST LAND HOLDINGS, INC.**
   Exact name of issuer as specified in its charter

5. **Metro Manila**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **2F Tower 2 Kasara Urban Resort Residences**
   P. Antonio St. Barangay Ugong
   Pasig City 1604
   Address of issuer's principal office

8. **(632) 85544800**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

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

    Yes [X] **No [ ]**

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

    The shares of common stock of the Company are listed on the Philippine Stock Exchange.

11. Indicate by check mark whether the issuer:

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

    Yes [X] No [ ]

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

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 6 hereof and incorporated herein by reference:

Exhibit 1 – Consolidated Statements of Financial Position as of December 31, 2021 and March 31, 2022
Exhibit 2 - Consolidated Statements of Comprehensive Income as of March 31, 2021 and March 31, 2022
Exhibit 3 - Comparative Statements of Changes in Equity as of March 31, 2021 and March 31, 2022
Exhibit 4 - Comparative Consolidated Statements of Cash Flows as of March 31, 2021 and March 31, 2022
Exhibit 5 - Notes to Interim Financial Statements
Exhibit 6 - Management's Discussion and Analysis of Results of Operations and Financial Condition

Item 2. Aging of Accounts Receivable as of March 31, 2022

Please refer to Exhibit 7 hereof.

Item 3. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

PART II – OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

SIGNATURE

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.

EMPIRE EAST LAND HOLDINGS, INC.
Issuer

By:

EVELYN G. CACHO
Senior Vice President (Principal Financial Officer) and Duly Authorized Officer
May 13, 2022

EXHIBIT 1

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2022 and December 31, 2021

(All amounts in thousands Philippine Peso)

		Unaudited		Audited
		31-Mar-22		31-Dec-21
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**3,323,118**	P	3,389,416
Trade and other receivables - net		**8,714,735**		8,369,704
Contract assets		**1,846,864**		1,758,023
Advances to related parties		**4,852,127**		4,747,776
Real estate inventories		**21,310,098**		21,711,434
Prepayments and other current assets		**883,517**		806,698
Total Current Assets		**40,930,459**		40,783,051
NON-CURRENT ASSETS				
Trade and other receivables - net		**2,490,429**		2,371,549
Contract assets		**263,093**		294,926
Financial asset at fair value through other comprehensive income (FVOCI)		**1,409,752**		1,328,680
Advances to landowners and joint ventures		**240,985**		237,419
Investment in an associate		**277,722**		279,556
Property and equipment - net		**139,968**		144,934
Intangible assets - net		**122,666**		116,629
Investment property - net		**635,763**		643,120
Other non-current assets		**5,191**		5,191
Total Non-current Assets		**5,585,569**		5,422,004
TOTAL ASSETS	**P**	**46,516,028**	P	46,205,055

		Unaudited		Audited
		31-Mar-22		31-Dec-21
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P**	**166,667**	P	250,000
Trade and other payables		**1,924,787**		1,821,485
Customers' deposits		**4,416,051**		4,460,629
Advances from related parties		**5,569,471**		5,495,818
Contract liabilities		**154,185**		128,793
Other current liabilities		**809,933**		888,813
Total Current Liabilities		**13,041,094**		13,045,538
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**1,000,000**		1,000,000
Contract liabilities		**143,285**		151,777
Retirement benefit obligation		**138,538**		136,640
Deferred tax liabilities - net		**1,940,189**		1,877,969
Total Non-current Liabilities		**3,222,012**		3,166,386
Total Liabilities		**16,263,106**		16,211,924
EQUITY				
Equity attributable to Parent Company's shareholders		**27,455,372**		27,196,176
Non-controlling interest		**2,797,550**		2,796,955
Total Equity		**30,252,922**		29,993,131
TOTAL LIABILITIES AND EQUITY	**P**	**46,516,028**	P	46,205,055

EXHIBIT 2

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For each of the three months ended March 31, 2022 and 2021
(All amounts in thousand Philippine Peso, except earnings per share)

		Unaudited Jan to Mar 2022		Unaudited Jan to Mar 2021
REVENUES				
Real estate sales	P	1,086,935	P	1,035,180
Finance income		69,276		46,948
Commissions and other income		61,379		58,513
		1,217,590		1,140,641
COST AND EXPENSES				
Cost of real estate sales		632,903		470,392
Finance costs		82,470		77,259
Equity share in net losses of an associate		1,834		2,681
Operating expenses		258,908		300,849
Income taxes		62,755		75,570
		1,038,870		926,751
NET PROFIT		178,720		213,890
OTHER COMPREHENSIVE INCOME				
Fair value gains on financial assets at FVOCI		81,072		4,504
TOTAL COMPREHENSIVE INCOME	P	259,792	P	218,394
Net profit attributable to:				
Parent Company's shareholders		178,125		219,195
Non-controlling interest		595		(5,305)
		178,720		213,890
Total comprehensive income (loss) attributable to:				
Parent Company's shareholders		259,197		223,699
Non-controlling interest		595		(5,305)
		259,792		218,394
Earnings Per Share				
Basic		0.0121		0.0149
Diluted		0.0121		0.0149

EXHIBIT 3

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For each of the three months ended March 31, 2022 and 2021
(All amounts in thousands Philippine Peso)

			Unaudited Jan to Mar 2022			Unaudited Jan to Mar 2021
CAPITAL STOCK		**P**	**14,803,455**		P	14,803,455
ADDITIONAL PAID-IN CAPITAL			**4,307,888**			4,307,888
TREASURY SHARES			**(102,107)**			(102,107)
REVALUATION RESERVES						
Balance at beginning of period	**650,475**			475,161		
Net unrealized fair value gains on financial assets at FVOCI	**81,072**			4,504		
Balance at end of period			**731,547**			479,665
OTHER RESERVES			**(292,118)**			(292,118)
RETAINED EARNINGS			**8,006,707**			7,242,235
NON-CONTROLLING INTEREST			**2,797,550**			2,800,326
TOTAL EQUITY		**P**	**30,252,922**		P	29,239,344

EXHIBIT 4

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For each of the three months ended March 31, 2022 and 2021

(All amounts in thousands Philippine Peso)

		Unaudited 31-Mar-22		Unaudited 31-Mar-21
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**P**	**241,475**	P	289,460
Adjustments for:				
Depreciation and amortization		**13,691**		25,374
Finance costs		**82,470**		77,259
Finance income		**(69,276)**		(46,948)
Equity in net loss of an associate		**1,834**		2,681
Operating income before working capital changes		**270,194**		347,826
Net changes in operating assets and liabilities				
Decrease/(Increase) in current and non-current assets		**(248,446)**		223,282
Increase/(Decrease) in current and non-current liabilities		**3,431**		(284,877)
Cash from operations		**25,179**		286,231
Interest received		**10,929**		5,218
Cash paid for income taxes		**(536)**		(167)
Net Cash From Operating Activities		**35,572**		291,282
CASH FLOWS USED IN INVESTING ACTIVITIES		**(4,932)**		(796)
CASH FLOWS FROM (USED) IN FINANCING ACTIVITIES		**(96,938)**		310,079
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(66,298)**		600,565
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**3,389,416**		2,129,721
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P**	**3,323,118**	P	2,730,286

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of March 31, 2022 the Company holds ownership interests in the following entities:

Subsidiaries/ Associate	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100%**
Valle Verde Properties, Inc. (VVPI)	(b)	**100%**
Sherman Oak Holdings, Inc. (SOHI)	(b)	**100%**
Empire East Communities, Inc. (EECI)	(c)	**100%**
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	**100%**
Laguna BelAir Science School, Inc. (LBASSI)	(e)	**72.50%**
Sonoma Premier Land, Inc. (SPLI)	(b)	**60%**
Pacific Coast Megacity, Inc. (PCMI)	(f)	**40%**
Associate –		
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47%**

Explanatory Notes:
(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.
(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of March 31, 2022.
(c) Subsidiary incorporated in prior year but ceased its operations as a marketing arm of real estate properties in 2014.
(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.
(e) Subsidiary primarily engaged in operating a school for primary and secondary education.
(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method (see Note 1.2).

The registered office address, which is also the place of operations, of the Company's subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 12th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City. Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor, 1880 Building Eastwood City E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100% and 73% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of March 31, 2022 and 2021, and shown as part of Intangible Assets – net account in the interim consolidated statements of financial position.

In 2015, the Company invested in PCMI amounting to P877.8 million in exchange for 750,000,000 shares, representing 20% ownership interest in the said company. In 2018, the Company has obtained de facto control over PCMI; hence, the investment is accounted for as an investment in a subsidiary. Further, in 2019, the Company obtained additional shares of PCMI, increasing its ownership interest to 40%.

Megaworld Corporation (Megaworld or parent company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 68.56% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

On April 26, 2021, the Board of Directors (BOD) had approved the change of the Company's registered office and principal place of business from 12th Floor of Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City to 2nd Floor of Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City. The amendment was approved by the SEC on September 6, 2021. The related approval from the Bureau of Internal Revenue was obtained on November 10, 2021.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

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

The Corona virus disease (COVID-19) pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these consolidated financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In 2022 and 2021, the Group has taken the following measures to mitigate the adverse effects of the COVID-19 pandemic to the Group's business.

- implemented flexible and remote working arrangements for employees;
- negotiated for longer payment terms from suppliers and implemented cost-savings measures such as relocation of certain offices to Company-owned properties to manage the Group's cash flows;
- additional administrative expenses were incurred to ensure the health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for employees reporting to the offices;
- deferred scheduled price increases, offered discounts and flexible payment terms combinations to accommodate more buyers;
- implemented transmutation to online selling with the use of virtual platforms and video materials for project walkthroughs and condo tours for client presentations, and a fully digitized reservation process;
- launched a digital payment platform to enable customers to pay online;
- obtained lower-cost funding through bank financing to support its business operations, such as financing capital expenditures and refinancing of loans, and maintaining its cash preservation objective; and,
- under took an intensive vaccination program to protect the employees and eligible dependents against COVID-19.

Management will continue to take actions to continually improve the operations as the need arises. The management projects that the Group would continue to report positive results of operations and would remain liquid to meet the current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

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2. BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements of the Group for the three months ended March 31, 2022 and 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 24: Interim Financial Reporting. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended December 31, 2021.

The preparation of interim consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

Items included in the interim 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's interim consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the interim 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 Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments mentioned below and in the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the interim consolidated financial statements:

(a) Evaluation of 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 factors enumerated below.

- 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 inventories is satisfied over time, while its performance obligation for completed real estate inventories is satisfied at a point in 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.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission 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.

(iii) Tuition fees

The Group determines that its revenue from tuition fees 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 counterparties. The Group renders services without the need for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(b) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(c) Determination of Expected Credit Losses (ECL) on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for trade receivables, contract assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit 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 Notes 9.2.

(d) Distinction Among Investment Property and Owner-managed Properties

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

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 property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(e) Distinction Between Real Estate Inventories and Investment Property

Inventories 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 use over these assets in making its judgment.

(f) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or lessee. 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's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(g) Distinction Between Asset Acquisition and Business Combinations

The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

In 2018, the Group acquired de facto control over PCMI. The acquisitions are accounted for as business combinations.

(h) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(i) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies.

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

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

In those cases where the possible outflow of economic resources 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 interim consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that does not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the interim consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Disclosures on relevant contingencies are presented in Note 7.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation 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 obligations. 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 applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) 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 counterparties defaulting and the resulting losses).

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

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the 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 uncertainty and may cause significant adjustments to the Group's Inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(d) Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties

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

Based on management's assessment as at March 31, 2022 and December 31, 2021, there is no change in estimated useful lives of property and equipment, and investment property during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) 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 balance of deferred tax assets recognized as at March 31, 2022 and December 31, 2021 will be utilized in the succeeding years.

(f) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Material amount of goodwill amounting to P77.3 million arising from the acquisition of LBASSI has been tested for impairment. The discount rates and growth rate are the key assumptions used by management in determining the recoverable amount of cash generating units. Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying amount of the cash generating unit exceed their respective recoverable amounts.

However, for 2021, due to the planned cessation of operations of LBASSI, the management determined the recoverable amount of LBASSI's CGU using the fair market value of its net assets less related costs to sell. The Group assessed that only LBASSI's capital assets would have a significant difference between its carrying amount and its fair market value. All other net assets' carrying amounts approximates their fair market values.

The Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. Management considered the market prices of similar assets within the location of LBASSI as the key assumptions in determining the recoverable amount of CGU as the recoverability of the CGU now entirely depend on how the market perceives and prices such units upon selling. Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that the market values used would not cause the carrying amount of the cash generating unit to exceed their respective recoverable amounts. As at March 31, 2022, the fair value of the CGU is classified under Level 3 of the fair value hierarchy.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. Subsequently, LBASSI will continue to exist as a non-operating subsidiary of the Group. The Group will continue supporting LBASSI until concrete plans or changes have been made.

Based on management's assessment, no impairment loss needs to be recognized on goodwill since the recoverable amount of the cash generating units is greater than their carrying amount in both years presented.

No impairment losses were recognized on advances to landowners and joint ventures, investment in an associate, property and equipment, intangible assets, investment properties, and other non-financial assets as at March 31, 2022 and December 31, 2021.

(g) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. 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.

(h) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market based valuation technique (market approach). 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, the Company determines the fair value 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.

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 and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, contract assets and real estate inventories. Excluded from segment assets are cash and cash equivalents, advances to related parties, prepayments, advances to landowners and joint ventures, investments in an associate, property and equipment, intangible assets, investment properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of contract liabilities and customers' deposits. Excluded from segment liabilities are interest-bearing loans and borrowings, trade and other payables, lease liabilities, advances from related parties, deferred tax liabilities and retirement benefit obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the interim consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the three months ended March 31, 2022 and 2021, and certain asset and liability information regarding segments as at March 31, 2022 and December 31, 2021.

		High Rise Projects		Horizontal Projects		Total	
		March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
REVENUES							
Real estate sales	**P**	**995,744,925**	P 931,187,650	**P 91,189,692**	P 103,992,346	**P 1,086,934,617**	P 1,035,179,996
Finance income		**9,471,539**	4,696,476	**450,348**	275,488	**9,921,887**	4,971,964
Rental income		**9,313,190**	3,770,493	**-**	-	**9,313,190**	3,770,493
Commission and other income		**7,637,915**	12,890,157	**629,876**	187,489	**8,267,791**	13,077,646
		1,022,167,569	952,544,776	**92,269,916**	104,455,323	**1,114,437,485**	1,057,000,099
COSTS AND OPERATING EXPENSES							
Cost of real estate sales		**579,216,639**	445,959,915	**53,686,459**	24,462,519	**632,903,098**	470,392,434
Operating expenses		**119,379,756**	101,726,363	**15,762,671**	11,781,289	**135,142,427**	113,507,652
		698,596,395	547,656,278	**69,449,130**	36,243,808	**768,045,525**	583,900,086
SEGMENT OPERATING PROFIT	**P**	**323,571,174**	P 404,888,948	**P 22,820,786**	P 68,211,515	**P 346,391,960**	P 473,100,013

		High Rise Projects		Horizontal Projects		Total	
		March 31, 2022	December 31, 2021	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
SEGMENT ASSETS AND LIABILITIES							
Segment assets	**P**	**22,692,998,827**	P 22,576,593,688	**P 7,096,399,526**	P 7,087,914,726	**P 29,789,398,353**	P 29,664,508,414
Segment liabilities		**4,613,215,614**	4,226,231,265	**289,353,004**	290,631,100	**4,902,568,618**	4,516,862,365

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

		March 31, 2022		March 31, 2021
Revenues				
Total segment revenues	**P**	**1,114,437,485**	P	1,057,000,099
Other unallocated revenues		**103,152,218**		83,641,042
Revenues as reported in the interim consolidated statements of comprehensive income	**P**	**1,217,589,703**	P	1,140,641,141
Profit or loss				
Segment operating profit	**P**	**346,391,960**	P	473,100,013
Other unallocated incomes		**103,152,218**		83,641,042
Other unallocated expenses		**(270,823,886)**		(342,851,262)
Net profit as reported in the interim consolidated statements of comprehensive income	**P**	**178,720,292**	P	213,889,793

		March 31, 2022		December 31, 2021
Assets				
Segment assets	**P**	**29,789,398,353**	P	29,664,508,414
Unallocated assets		**16,726,629,545**		16,540,545,571
Total assets as reported in the interim consolidated statements of financial position	**P**	**46,516,027,898**	P	46,205,053,985
Liabilities				
Segment liabilities	**P**	**4,902,568,618**	P	4,516,862,365
Unallocated liabilities		**11,360,536,873**		11,695,061,505
Total liabilities as reported in the interim consolidated statements of financial position	**P**	**16,263,105,491**	P	16,211,923,870

5. EQUITY

5.1 Capital Stock

Capital stock as of March 31, 2022 and December 31, 2021 consists of:

	No. of Shares	**Amount**
Common shares – P1 par value		
Authorized	31,495,200,000	P31,495,200,000
Issued	14,803,455,238	P14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.72% ownership interest in the Group as of March 31, 2022 and December 31, 2021.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of March 31, 2022 and December 31, 2021.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share.

5.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts for the end of the reporting periods.

5.3 Treasury Stock

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its shareholders.

As of March 31, 2022 and December 31, 2021, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Company.

5.4 Revaluation Reserves

Revaluation reserves of the Group are composed of remeasurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI.

5.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary.

5.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to parent company's shareholders divided by the weighted average number of shares in issue during the period.

Basic and diluted earnings per share amounts were computed as follows:

	as of March 31, 2022		as of March 31, 2021	
Net profit attributable to parent Group's shareholders	**P**	**178,125,123**	P	219,194,750
Number of issued and outstanding common shares		**14,676,199,167**		14,676,199,167
Basic and diluted earnings per share	**P**	**0.0121**	P	0.0149

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of March 31, 2022 and December 31, 2021.

7. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees, and contingent liabilities that arise in the normal course of operations of the Group, which are not reflected in the accompanying unaudited interim consolidated financial statements. The Group's management's opinion, that losses, if any, from these items will not have any material effect on its interim consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

8. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

9. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks to which the Group is exposed to are described below and in the succeeding pages.

9.1 Market Risk

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

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to Cash and Cash Equivalents. However, the amount is insignificant to the financial statements as of March 31, 2022 and December 31, 2021. The Group has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. As of March 31, 2022 and December 31, 2021, the Group is only exposed to changes in market interest through its cash and cash equivalents and long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturities, noninterest-bearing or are subject to fixed rates (e.g. related party advances).

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility of 5.8% and 6.0% has been observed during the period ending March 31, 2022 and December 31, 2021, respectively. The impact on the Group's interim consolidated other comprehensive income and interim consolidated equity would have increased or decreased by P77.5 million and P79.4 million as at March 31, 2022 and December 31, 2021, respectively.

The investments in quoted equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is not subject to commodity price risk.

9.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the interim consolidated statements of financial position (or in the detailed analysis provided in the notes to the interim consolidated financial statements), as summarized below.

		March 31, 2022		December 31, 2021
Cash and cash equivalents	**P**	**3,323,118,300**	P	3,389,416,319
Trade and other receivables – net (excluding advances to suppliers and contractors, and advances to condominium associations)		**8,058,712,219**		7,582,781,267
Contract assets		**2,109,957,353**		2,052,948,246
Advances to related parties		**4,852,126,937**		4,747,775,842
	P	**18,343,914,809**	P	17,772,921,674

None of the Group's financial assets are secured by collateral or other credit enhancements, except for Cash and Cash Equivalents, Trade and Other Receivables and Contract Assets as described below and in the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

Trade and other receivables (excluding Advances to Suppliers and Contractors and Advances to Condominium Associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The 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. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. 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 Group considers trade receivables in default when contractual payments 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 which may extend the definition of default to 90 days and beyond. 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 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, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

		March 31, 2022		December 31, 2021
Not more than three months	**P**	**140,921,911**	P	132,646,317
More than three months but not more than six months		**234,793,094**		222,165,204
More than six months but not more than one year		**261,100,914**		248,768,915
More than one year		**92,856,440**		89,088,754
	P	**729,672,359**	P	692,669,190

(c) *Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties*

ECL for advances to related parties, including rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of March 31, 2022 and December 31, 2021, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

9.3 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 basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods 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. 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 at March 31, 2022 and December 31, 2021, the Group's financial liabilities have contractual maturities which are presented below.

		Within 12 months		After 12 months
March 31, 2022				
Interest-bearing loans and borrowings	**P**	**205,570,787**	**P**	**1,087,369,167**
Trade and other payables		**1,648,201,149**		**-**
Advances from related parties		**5,569,471,350**		**-**
Other current liabilities		**609,876,446**		**-**
	P	**8,033,119,732**	**P**	**1,087,369,167**
December 31, 2021				
Interest-bearing loans and borrowings	P	292,268,240	P	1,096,254,167
Trade and other payables		1,724,126,172		-
Advances from related parties		5,495,817,845		-
Other current liabilities		680,911,623		-
	P	8,193,123,880	P	1,096,254,167

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

10. FAIR VALUE MEASUREMENT AND DISCLOSURES

10.1 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 is shown on the succeeding page.

- 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 asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

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

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

10.2 Financial Instruments Measured at Fair Value

As of March 31, 2022 and December 31, 2021, only the equity securities classified as financial assets at FVOCI in the interim consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period. There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of March 31, 2022 and December 31, 2021.

There were no transfers between Levels 1 and 2 in both years.

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

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities measured at amortized cost, their carrying amounts as of March 31, 2022 and December 31, 2020 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

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

10.4 Fair Value Measurement of Non-Financial Assets

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Group uses assumptions that are mainly based on market conditions existing at 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 based on current market rentals for similar properties in the same location and condition.

As at March 31, 2022 and December 31, 2021, the fair values of the Group's investment properties, and CGU attributable to LBASSI are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value.

Also, there were no transfers into or out of Level 3 fair value hierarchy as of March 31, 2022 and December 31, 2021.

11. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio as of March 31, 2022 and December 31, 2021.

EXHIBIT 6

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Review of 31 March 2022 versus 31 March 2021

During the three-month period, the consolidated net profit amounted to P178.7 million, 16.4% lower than the previous year's net profit of P213.9 million. Consolidated revenues, composed of real estate sales, finance income, commissions, and other income increased by 6.7% from P1.1 billion in 2021 to P1.2 billion in 2022.

Real Estate Sales

The Group registered Real Estate Sales of P1.1 billion and P1.0 billion for the three months ended 31 March 2022 and 2021, respectively. The sales were derived from various projects including, Kasara Urban Resort Residences, The Cambridge Village, The Rochester Gardens, The Sonoma, Covent Gardens, Mango Tree Residences, California Garden Square, Laguna Bel-Air Projects, Greenhills Garden Square and San Francisco Gardens.

The Cost of Real Estate Sales amounted to P632.9 million in 2022 and P470.4 million in 2021, or 58.2% and 45.4% of Real Estate Sales for the three months ended 31 March 2022 and 2021, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P454.0 million in 2022 and P564.8 million in 2021, or 41.8% and 54.6% of Real Estate Sales, for the three months ended 31 March 2022 and 2021, respectively. The gross profit margin varies depending on the product mix and the competitiveness in pricing.

Other Revenues

The Finance Income amounted to P69.3 million and P46.9 million for the three months ended 31 March 2022 and 2021 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 5.7% and 4.1% of total revenues for 2022 and 2021, respectively.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties, and those obtained from other sources. Commission and other income totalling P61.4 million in 2022 and P58.5 million in 2021, representing 5.0% and 5.1% of total revenues for 2022 and 2021, respectively.

Operating Expenses

Operating Expenses posted a decrease from P300.8 million in 2021 to P258.9 million in 2022. Finance Cost posted an increase from P77.3 million in 2021 to P82.5 million in 2022.

FINANCIAL CONDITION

Review of 31 March 2022 versus 31 December 2021

Total Assets of the Group as of 31 March 2022 and 31 December 2021 amounted to P46.5 billion and P46.2 billion, respectively. Cash and Cash Equivalents decreased from P3.4 billion to P3.3 billion as of 31 December 2021 and 31 March 2022, respectively.

The Group remains liquid with Total Current Assets of P40.9 billion in 2022 and P40.8 billion in 2021, which accounted for 88.0% and 88.3% of the Total Assets as of 31 March 2022 and 31 December 2021, respectively. While, Total Current Liabilities amounted to P13.0 billion as of 31 March 2022 and as of December 31, 2020.

Total Equity increased from P29.9 billion as of 31 December 2021 to P30.3 billion as of 31 March 2022 is mainly due to net profit for the period and revaluation of equity investments.

Consistently the Group still sources its major working capital requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for the construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

KEY PERFORMANCE INDICATORS

For the three-month period ending 31 March 2022, the following are the top key performance indicators of the Group:

1) **Real Estate Sales**

   The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) **Prudent Cash Management**

   The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, and obtained lower-cost funding through bank financing to partially support operations.

3) **Ability to repay loan obligations**

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) **Continuous Customer Collections**

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments despite quarantine restrictions.

Material Changes as of 31 March 2022 Interim Consolidated Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2021)

- 9.5% increase in Prepayments and Other Current Assets
  Mainly due to transfer related taxes paid for the period and input VAT on purchases

- 6.1% increase in Financial Assets at Fair value through OCI
  Mainly due to increase in fair market value of investment in securities held by a subsidiary

- 5.2% increase in Intangible Assets
  Primarily due to additional purchase for the period

- 6.67% decrease in Interest-bearing loans and borrowings
  Mainly due to repayments of loan for the period

- 5.7% increase in Trade and Other Payables
  Various payables to contractors and suppliers for the period

- 6.0% increase in Contract Liabilities
  Mainly due to customer collections from uncompleted projects

- 8.9% decrease in Other Current Liabilities
  Primarily due to release of retention payables to suppliers and contractors for the period

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 March 2022)

- 5.0% increase in Real Estate Sales
  Due to higher sales recognized for the period

- 47.6% increase in Finance Income
  Primarily due to interest in advances to related parties

- 34.5% increase in Cost of Real Estate Sales
  Due to the increase in real estate sales for the period

- 6.7% increase in Finance Costs
  Mainly due to interest on advances from related parties and bank loans for the period

- 13.9% decrease in Operating Expenses
  Mainly due to continued cost saving measures and close monitoring of marketing and administrative expenses

- 17.0% decrease in Income Taxes
  Mainly due to lower taxable income

The Company allocates P25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in the foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and has no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have a material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the unaudited interim statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more easy payment schemes under in-house financing and has strong relationships with reputable banks for the financing requirements of its customers.

Exhibit 7

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

ACCOUNTS RECEIVABLE AGING

For each of the three months ended March 31, 2022

(All amounts in thousands Philippine Peso)

1) Aging of Accounts Receivable

Type of Receivables	Total	Current / Not Yet Due	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & Items in Litigation
a) Trade Receivables	6,685,627	5,955,955	140,922	234,793	261,101	92,856	-
b) Other Receivables	4,519,537	4,519,537	-	-	-	-	-
Net Receivables	11,205,164						

2) Accounts Receivable Description

Type of Receivables	Nature/Description	Collection Period
a) Trade Receivables	Sale of residential units/lots	maximum of 10 years
b) Other Receivables	Advances to contractors/suppliers	1 to 2 years

3) Normal Operating Cycle: 3 to 15 years

EXHIBIT 8

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As at March 31, 2022 and December 31, 2021

	31-Mar-2022	31-Dec-2021
Current ratio	3.14	3.13
Quick ratio	0.92	0.90
Debt-to-equity ratio	0.54	0.54
Interest-bearing debt to total capitalization ratio	0.04	0.04
Asset-to-equity ratio	1.54	1.54
		31-Mar-2021
Interest rate coverage ratio	393%	475%
Net profit margin	14.68%	18.75%
Return on assets	0.39%	0.47%
Return on equity/investment	0.59%	0.73%
Return on equity/investment of owners	0.65%	0.83%

LIQUIDITY RATIOS measure the business' ability to pay short-term debt.
Current ratio - computed as current assets divided by current liabilities
Quick ratio - computed as cash, marketable securities, accounts receivable divided by current liabilitites

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term-debt.
Debt-to-equity ratio-computed as total liabilities divided by total equity.
Interest-bearing debt to total capitalization ratio-computed as interest-bearing debt divided by interest-bearing debt + shareholder's equity attributable to controlling interest.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency.
It shows how much of the assets are owned by the company. It is computed as total assets divided by total equity.

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments.
It is computed as earnings before income tax and interest expense ("EBIT") divided by interest.

PROFITABILITY RATIOS
Net profit margin - computed as net profit divided by total revenues
Return on assets - net profit divided by average total assets
Return on investment - net profit divided by total shareholders' equity
Return on investment of equity owners - net profit attributable to owners of the parent divided by equity attributable to owners of the parent company